IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 2

VICKI SCHMIDT, COMMISSIONER OF INSURANCE, *In her Official Capacity,* Petitioner, vs. PHYSICIANS STANDARD INSURANCE COMPANY, Respondent.	Case No. 2019 CV 351

BRIEF IN SUPPORT OF PETITION FOR FINAL ORDER AND JUDGMENT OF LIQUIDATION OF PHYSICIANS STANDARD INSURANCE COMPANY

Vicki Schmidt, the Kansas Commissioner of Insurance ("Commissioner"), in her capacity as the rehabilitator ("Rehabilitator") of Physicians Standard Insurance Company ("PSIC"), filed a *Petition for Final Order and Judgment of Liquidation of PSIC* on November 8, 2019. Since then, the Rehabilitator has learned that the Board of Directors of PSIC resigned effective August 19, 2019, and has never been reconstituted. Thus, there is no board of directors to consent or object to liquidation. However, PSIC's majority shareholder confirmed on November 21, 2019, that it consents to liquidation of PSIC. Finally, the Rehabilitator believes the company is insolvent, and that the further transaction of business by PSIC would be hazardous to its policyholders, creditors, and the public. For these reasons, as addressed in further detail below, the Rehabilitator requests that the Court enter a final order and judgment of liquidation of PSIC, declare PSIC insolvent, and grant all other relief deemed just and appropriate.

I. Legal Standard for the Court to Declare Insolvency and Order Liquidation of PSIC

The Kansas "Insurance Code confers comprehensive powers on the [Kansas Insurance Commissioner] to control and regulate the manner in which insurance companies shall conduct their business." *Wright v. Fed. Reserve Life Ins. Co.*, 131 Kan. 601, 293 P. 945, 947 (Kan. 1930). The major functions of the Kansas Insurance Department ("Department") are to regulate and review insurance companies for financial solvency and regulatory compliance, educate consumers, assist consumers, and license producers selling insurance products in the state. "[E]very move of an insurance company is subject to regulatory oversight to preserve its solvency in the public interest." *Reider v. Arthur Andersen, LLP*, 47 Conn. Supp. 202, 217, 784 A.2d 464, 474 (Super. Ct. 2001), *as corrected* (Dec. 7, 2001). A state insurance commissioner "has a duty 'to administer the affairs of the [financially troubled insurer] for the benefit of not only the general creditors but also of the policyholders and the public generally.'" *Jones v. Golden Eagle Ins. Corp.*, 133 Cal. Rptr. 3d 874, 879 (Cal. App. 2011)(*citing Garris v. Carpenter* 33 Cal.App.2d 649, 654–655, 92 P.2d 688 (Cal. App. 1939)).

Kansas has enacted the Insurers Supervision, Rehabilitation, and Liquidation Act (the "Act"), K.S.A. § 40-3605 *et seq.*, which provides the statutory framework for financially troubled insurers. The Kansas legislature directed that the Act "be liberally construed." K.S.A. § 40-3605(c). The Kansas Supreme Court explained that "[t]he function of liberal construction is called into use…where there are one or more interpretations which may fairly be made. Where clarification is required judicial interpretation is made that will give life to the statute rather than the one which will nullify it." *Russell v. Cogswell*, 101 P.2d 361, 362 (Kan. 1940); *see also Eveleigh v. Conness*, 933 P.2d 675, 680–81 (Kan. 1997); *Bd. of Trustees of Butler*

County Cmty. Coll. v. Bd. of County Com'rs of County of Sedgwick, 893 P.2d 224, 230 (Kan. 1995); *State ex rel. Stephan v. Martin*, 641 P.2d 1011 (1982).

The Rehabilitator seeks a final order and judgment of liquidation of PSIC under K.S.A. 40-3621, which provides that the Court may enter an order of liquidation "on the basis: (a) of any grounds for an order of rehabilitation as specified in K.S.A. 40-3616…; (b) that the insurer is insolvent; or (c) that the insurer is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors or the public." K.S.A. 40-3616 sets forth the grounds for the Commissioner to seek an order to rehabilitate an insurer, which include, in relevant part, (1) that the insurer is in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors, or the public, and (2) where the board of directors of the insurer has consented to the rehabilitation. K.S.A. 40-3616(a) and (i).

The Rehabilitator also asks the Court to declare PSIC is insolvent under K.S.A. 40-3622(c), which permits the Commissioner, after making an appropriate finding of an insurer's insolvency, to petition the court for judicial declaration of insolvency. Under Kansas law, an insurer is considered insolvent when it is "unable to pay its obligations when they are due, or when its admitted assets do not exceed it liabilities plus the greater of…[a]ny capital and surplus required by law… or the total par of stated value of its authorized and issued capital stock." K.S.A. 40-3607(k)(2)-(3). In making an insolvency determination, the term "liabilities" must include "reserves required by statute or by insurance department general regulations or specific requirements imposed by the commissioner upon a subject company at the time of admission or subsequent thereto." *Id.*

Insurance "conservation proceedings arise under the broad police powers of the state to ensure the reorganization or orderly liquidation of insolvent insurers and the protection of their policyholders and the public." *Low v. Golden Eagle Ins. Co.*, 104 Cal. App. 4th 306, 316, 128 Cal. Rptr. 2d 423, 430 (Cal. App. 4th 2002). Because of this, "the commissioner's role is more aptly characterized as a neutral arbiter than as a zealous advocate." *Kreidler v. Cascade Nat. Ins. Co.*, 321 P.3d 281, 287 (Wash. App. Wash. App. 2014).

> [T]he legislature, in its wisdom, in its reliance upon the presumed expertise and experience of a duly elected and functioning state official, and in the public interest, vested the Commissioner with a realistic and effective control over the administration of the affairs and assets of an insurer found to be in need of rehabilitation. The authority so vested necessarily contemplates and embraces a considerable degree of independent administrative judgment and discretion to be exercised by the Commissioner if he is to carry out the responsibility and trust imposed upon him.

Kreidler v. Cascade Nat. Ins. Co., 321 P.3d 281, 287 (Wash. App. Wash. App. 2014) (*citing Kueckelhan v. Fed. Old Line Ins. Co. (Mut.)*, 74 Wash.2d 304, 314, 444 P.2d 667 (Wash. 1968)).

The Kansas Supreme Court has noted that there is a "presumption that the commissioner of insurance is faithfully discharging his [or her] official duty with reference to the alleged delinquencies of the defendant company." *Wright v. Fed. Reserve Life Ins. Co.*, 131 Kan. 601, 293 P. 945, 947 (Kan. 1930). An insurance commissioner's exercise of "statutorily-conferred discretion [is given] a strong presumption of reasonableness." *In re Liquidation of Integrity Ins. Co.*, 2012 WL 1314181, at *8 (N.J. Super. Ct. App. Div. Apr. 18, 2012); see also *In re Eagle Ins. Co.*, A-6419-06T3, 2008 WL 2917520, at *9 (N.J. Super. Ct. App. Div. July 31, 2008) (noting the court properly gives deference to an insurance commissioner's decisions regarding a financially troubled insurer).

Numerous courts have held that decisions by state insurance commissioners are reviewed under an abuse of discretion standard. See*, e.g., In re Penn Treaty Network Am. Ins. Co.*, 119

A.3d 313, 322 (Pa. 2015) ("we find that judicial review of a statutory rehabilitator's decision…is to be undertaken with due deference to the rehabilitator and is governed by an abuse-of-discretion standard."); *Kreidler v. Cascade Nat. Ins. Co.,* 321 P.3d 281, 287 (Wash. App. 2014) ("In an insurance receivership action, the trial court reviews the Receiver's determinations under an abuse of discretion standard."); *In re Liquidation of Integrity Ins. Co.*, 2012 WL 1314181, at *8 (N.J. Super. Ct. App. Div. Apr. 18, 2012) ("we will disturb a decision…only if it manifests an abuse of discretion."); *Jones v. Golden Eagle Ins. Corp.*, 133 Cal. Rptr. 3d 874, 879 (Cal. App. 2011) ("We review the determinations of the commissioner for abuse of discretion."); *Fortunato v. New Jersey Life Ins. Co.*, 603 A.2d 964, 966–67 (N.J. Supp. App. Div. 1991) (applying an abuse of discretion standard in upholding a determination by the Commissioner that the defendant insurer's continuance in business would be "hazardous" and directing that the insurer be rehabilitated). The rationale for the abuse of discretion standard in these situations is as follows:

> As the program of rehabilitation takes form and the steps unfold, the trial court in its supervisory and reviewing role may not substitute its judgment for that of the Commissioner, but may and should only intervene or restrain when it is made to appear that the Commissioner is manifestly abusing the authority and discretion vested in him and/or is embarking upon a capricious, untenable or unlawful course.

Kreidler v. Cascade Nat. Ins. Co., 321 P.3d 281, 287 (Wash. App. 2014) (*citing Kueckelhan v. Fed. Old Line Ins. Co. (Mut.),* 74 Wash.2d 304, 316, 444 P.2d 667 [Wash. 1968]).

Although there are no Kansas reported decisions that interpret the meaning of the term "hazardous" under the Act, decisions from other courts provide ample guidance for this Court to construe that phrase. To begin, "[i]f an insurer is insolvent, then further transaction of business would necessarily be hazardous financially to policyholders, creditors, and the public." *LaVecchia v. HIP of New Jersey, Inc.*, 324 N.J. Super. 85, 94, 734 A.2d 361, 366 (Ch. Div.

1999); see also *Angoff v. American Financial Security Life Ins. Co.*, 891 S.W.2d 833, 835-36 (Mo. W.D. App. 1994).

Moreover, an insurance carrier may be solvent, but still be deemed to be in a hazardous condition. *LaVecchia v. HIP of New Jersey, Inc.*, 324 N.J. Super. 85, 94, 734 A.2d 361, 366 (Ch. Div. 1999). The Act's definition of "insolvent" and the omission of that term in K.S.A. § 40-3621(c) means a "hazardous" state is broad enough to include even solvent insurance carriers. See *LaVecchia v. HIP of New Jersey, Inc.*, 324 N.J. Super. 85, 94, 734 A.2d 361, 366 (Ch. Div. 1999). The New Jersey Court of Appeals noted:

> [T]he Commissioner's determination that respondent's further transaction of business would be "hazardous" within the meaning of the controlling statute is a finding of fact. It is an informed prediction that respondent's financial condition, even if it is technically solvent, substantially threatens the justifiable interests of policyholders, stockholders, creditors, or the public. These are interests whose protection the legislature has confided to the Commissioner of Insurance, whose determination in this case was neither arbitrary nor unreasonable.

Fortunato v. New Jersey Life Ins. Co., 603 A.2d 964, 967 (N.J. Super. App. Div. 1991). The "Commissioner's determination that a company's further transaction of business would be hazardous must be upheld unless clearly arbitrary or unreasonable." *In re Eagle Ins. Co.*, 2008 WL 2917520, at *9 (N.J. Super. Ct. App. Div. July 31, 2008) (rehabilitation); see also *Fortunato v. N.J. Life Ins. Co.*, 254 N.J. Super. 420, 425-26 (App.Div.), *certif. denied*, 126 N.J. 386 (1991).

II. Background on PSIC and its Former Owner, MPM-PPIA, and their Common Management Under Jonathan Downard.

PSIC is a Kansas-domiciled stock insurance company now in rehabilitation under the supervision of this Court.[1] PSIC was founded in 2010.[2] Until 2019, PSIC sold medical malpractice liability insurance in Kansas and Missouri.[3]

[1] *See* Order of Rehabilitation ("Rehabilitation Order") entered August 20, 2019.
[2] Rehab. Pet. ¶ 4, Answer ¶ 4.

Between 2010 and late 2012, Timothy H. Trout was the sole shareholder of the company.[4] On December 20, 2012, Trout sold his shares in PSIC to MPM-Missouri, which later became MPM-PPIA.[5] From approximately 2014 through 2018, PSIC and MPM-PPIA were under common management through Jonathan Downard who served as PSIC's CEO and general counsel and MPM-PPIA's Executive Vice President.[6]

PSIC's owner, MPM-PPIA, was a Missouri Chapter 383 malpractice association.[7] As such, MPM-PPIA covered its claims and other expenses through premium rates and, if necessary, assessment of its member insureds. See Mo. Rev. Stat. §§ 383.016 and 383.025. Most states, including Kansas and Missouri, have adopted statutes calling for creation of an insurance guaranty association system. If an insurer within that system fails, the guaranty association steps in to pay policyholder claims to the statutory limit by assessing other licensed insurers within the state. Chapter 383 medical assessment companies like MPM are *not* a part of that system. See Mo. Rev. Stat. § 375.773.2(10). Thus, there is no so-called guaranty association protection if a Chapter 383 company like MPM-PPIA becomes insolvent. *Id.*

In 2016, Downard, on behalf of MPM-PPIA, attempted to acquire control of a Missouri stock insurer, Galen Insurance Company ("Galen"), by filing a request for approval of the transaction with the Missouri Insurance Commissioner.[8] (As a stock insurer, Galen *would* be

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[3] The Rehabilitator sent policyholders notice on November 1, 2019, that PSIC policies will be cancelled in accordance with the policy terms.
[4] Rehab. Pet. ¶ 5, Answer ¶ 5.
[5] *See* Rehab. Pet. ¶¶ 5-7 and Answer ¶¶ 5-7. "MPM-PPIA" stands for Missouri Professionals Mutual-Physicians Professional Indemnity Association. In 2012, Missouri Professionals Mutual ("MPM-MO") purchased all of the outstanding shares of PSIC, at the time known as MPM Insurance Company of Kansas, Inc. In 2014, MPM-MO merged with Physicians Professional Indemnity Association (PPIA), to form MPM-PPIA. PPIA management, including Executive Vice President Jonathan L. Downard, took over management of MPM-PPIA in 2014.
[6] *See* Rehab. Pet. ¶ 15, Answer ¶ 15, *see also* Exhibit A, ¶ 34.
[7] Rehab. Pet. ¶ 5, Answer ¶ 5.
[8] *See Proposed Acquisition of Galen Ins. Co. v. MPM-PPIA*, Case No.: 160608301C, Missouri Department of Insurance, Financial Institutions and Professional Registration, Findings of Fact, Conclusions of Law and Order dated November 10, 2016 ("Galen Opinion"), attached as Exhibit A.

entitled to guaranty association coverage in the event it failed. Mo. Rev. Stat. § 375.773.1.) At the time, Galen was in supervision due to financial difficulty.[9]

On November 10, 2016, the Missouri Commissioner of Insurance issued an opinion rejecting MPM-PPIA's application relating to Galen.[10] The Missouri Commissioner noted that Downard was the Executive Vice President of PPIA between 2010 and 2014, when it merged with MPM-MO to become MPM-PPIA.[11] Between 2010 and 2014, PPIA reported consistent losses from underwriting activities in 2010, 2011, 2012, and 2013, and net income losses in 2012 and 2013.[12] Once the companies combined in 2014, MPM-PPIA reported consistent underwriting losses, net income losses, and surplus decreases.[13] Thus, the Missouri Commissioner concluded that Downard operated MPM-PPIA and its predecessor company "with consistent negative" financial results going back to 2010.[14]

In rejecting MPM-PPIA's proposal to acquire control of Galen, the Missouri Commissioner explained he had "a high level of concern that [MPM-PPIA] will eventually become insolvent if it is not able to get its costs under control either in expenses or reserving."[15] The Commissioner further noted concern about MPM-PPIA's obligation under a non-complete agreement between Trout and MPM-PPIA under which MPM-PPIA was making monthly payments of $62,500 to Trout until December 31, 2020 ($750,000 annually).[16] The Missouri Commissioner concluded the "*competence, experience and integrity of MPM-PPIA and its officers and direc*tors are such that it would be contrary to the interests of policyholders of [Galen Insurance Company] and of the public to permit the acquisition" of Galen by MPM-

[9] *Id.* ¶ 23.
[10] *Id.*
[11] *Id.* ¶¶ 33-34.
[12] *Id.* ¶¶ 37-38.
[13] *Id.* ¶¶ 39-46.
[14] *Id.* ¶¶ 47(a)-(b).
[15] *Id.* ¶ 48, quoting Tr. 143.
[16] *Id.* ¶ 51.

PPIA.[17] Thus, another regulator has already determined that Downard (and PSIC's directors and officers in common with MPM-PPIA) lack the competence, experience, and integrity necessary for operation of the stock insurer.

III. MPM-PPIA's Financial Condition Continued to Decline in 2017 and 2018, Leading to Downard Orchestrating an Unauthorized Transaction with PSIC in March of 2018.

MPM-PPIA's financial condition during 2017 and early 2018 continued to decline. On September 29, 2017, a judgment was entered against MPM-PPIA's insured in a medical malpractice action, *Bell v. Smith & Nephew Inc.*, Missouri Twenty-Second Judicial Circuit (St. Louis City), for $4,451,875 in actual damages and $5,000,000 in punitive damages. The judgment was affirmed on appeal.[18]

In 2017 or early 2018, MPM-PPIA set its sights on PSIC in terms of a potential transaction to address MPM-PPIA's financial difficulties. On March 16, 2018, representatives of PSIC disclosed to the Department that PSIC had *already* entered into what was described as a policy acquisition agreement with MPM-PPIA.[19] Although advance approval from the Kansas Commissioner was required for any such transaction under Kansas law,[20] the Department learned that MPM and PSIC had already *implemented* the agreement. The transaction appears to have been a pretext to transfer cash from PSIC. On December 31, 2018, MPM-PPIA filed a voluntary receivership action in the Circuit Court of Franklin County, Missouri.

The Policy Acquisition Agreement had the following terms, which included, *inter alia*:

> D. Physicians Standard will agree to provide additional benefits to MPM-PPIA policyholders as part of the consideration received from MPM-PPIA and to

[17] *Id.* ¶ 96(B) (emphasis added).
[18] *Bell v. Redjal*, 569 S.W.3d 70 (E.D. Mo. 2019).
[19] Rehab. Pet. ¶¶ 21-22, Answer ¶¶ 21-22.
[20] Under K.S.A. 40-3306 and K.A.R. 40-1-28, PSIC was required to obtain prior approval of the transaction with its affiliated parent company to ensure the terms were fair and reasonable and did not compromise the financial condition of PSIC. The Department has identified a number of questionable transactions between PSIC and Downard-affiliated companies that were never disclosed or approved by the Department.

> provide to current policyholders a three year rate guarantee provided there are no claims activity and no underwriting changes and will offer non-assessable policies in substitution of the MPM-PPIA policies.
>
> E. As additional consideration MPM-PPIA will transfer to Physicians Standard, Physicians Standard stock currently held by MPM-PPIA in an amount equal to the difference between MPM-PPIA policy premiums and Physicians Standard policy premiums for a three year premium period, and the premium of Physicians Standard for the transfer of the extended reporting policies, said sum equal to the approximate amount of 1,477,174 shares of Physicians Standard Stock previously issued by MPM-PPIA.
>
> F. MPM-PPIA will provide the option to Physicians Standard to purchase all remaining Physicians Standard stock from MPM-PPIA for the sum of One Million Dollars ($1,000,000) to be paid within thirty days from the date of this agreement.
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> * * *
>
> Completion Date- This approval, completion of the merger and transfer of the stock as set forth herein shall take place no later than March 12, 2018 or immediately upon approval of Membership of MPM-PPIA and the Board of Directors of MPM-PPIA.

See Exhibit B, Policy Acquisition Agreement.

There are two critical elements to this Agreement: first, the transfer of MPM's failing insurance business to PSIC on a going-forward basis for PSIC's own stock (no cash);[21] and second, the so-called "option" for PSIC to purchase its remaining (worthless) shares back from MPM for $1,000,000.00, which appears to be a mere pretext for transfer of cash out of PSIC.

IV. PSIC's Loss Reserves Were Understated; When Adjusted to an Appropriate Level, PSIC is Insolvent.

After learning of the transaction, the Department initiated an examination of PSIC. Then, on December 11, 2018, PSIC and the Department entered into a Consent Agreement under which PSIC agreed to be placed under a period of oversight. Still unable to resolve the matter, the Commissioner filed a Petition for Seizure of the company in this Court, which was granted on

[21] This rendered PSIC insolvent because, among other reasons, the stock was worthless.

May 10, 2019. After the Commissioner determined that the continued operation of PSIC by its current management posed a financial hazard to PSIC's policyholders, creditors, and the public, the Commissioner filed a Petition for Rehabilitation of PSIC, which the Court granted on August 20, 2019.

During rehabilitation of PSIC, the Department discovered that the claims under the newly acquired policies were severely under-reserved. Even before the Department had access to full claims files, Taylor & Mulder ("T&M"), an independent actuarial firm retained by the Department and consented to by PSIC for purposes of examining the financial condition of PSIC, issued a report dated July 9, 2019, and concluded that PSIC's booked loss reserves were $2,690,518 deficient on a net basis and $2,568,367 deficient on a gross basis.[22] T&M also concluded that the company needed to record as a liability on its financial statements a premium deficiency reserve of $1,354,460.[23]

On July 31, 2019, Seaver & Forck (the "Auditor"), the outside auditor for PSIC, issued a letter requesting an extension period for the annual audit of PSIC.[24] The Auditor noted that it had received the T&M report, and concluded as follows:

> Based on this actuarial report, loss reserves reported at December 31, 2018 by [PSIC] should be increased by approximately $2,690,000.00. In addition, a premium deficiency reserve of approximately $1,345,000. These two items, if recorded on the financial statements, will result in a negative net capital position for [PSIC]. If that occurs, our audit will need to reflect a going concern issue with related disclosures. As this has a very material impact on the company, we as auditors we are unable to issue an opinion without discussion with management…generating a response to the going concern issue.[25]

[22] Exhibit C (T&M Report).
[23] *Id.*
[24] Exhibit D (Auditor Report).
[25] *Id.*

After the Rehabilitation Order was entered on August 20, 2019, and based on input from third-parties and a review of the case files, the Rehabilitator set appropriate reserves for each claim. The Rehabilitator engaged Kansas Medical Mutual Insurance Company (KAMMCO), a medical malpractice carrier.[26] KAMMCO has acted as a consultant on various matters pertaining to the rehabilitation of PSIC, including analysis of claims, loss reserves, and underwriting, and options for transferring policies.[27] KAMMCO confirmed early on it had no interest in acquiring PSIC outright.[28] Based on the Taylor & Mulder report (drafted before the Rehabilitator had full claims file access and attached as Exhibit C) and KAMMCO's evaluation,[29] PSIC's indemnity reserves now total $6,374,008.68.[30] At the time of the Rehabilitation Order, PSIC's former management had established reserves of just $803,335.[31] An updated financial statement prepared by an accounting firm, BKD, which reflects the new reserves, confirms the company is, in fact, insolvent.[32] This alone is grounds for the Court to declare PSIC insolvent and to order liquidation.

V. The Continued Operation of PSIC Poses a Hazard to its Policyholders, Creditors, and the Public.

Setting aside PSIC's insolvency, continued operation of PSIC poses a hazard, financially and otherwise, to PSIC's policyholders, creditors, and the public, which is an additional independent basis for the Court to order liquidation of PSIC.

A. The PSIC Board and Management Lacks the Competence and Integrity Necessary to Operate an Insurance Company.

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[26] Exhibit E (KAMMCO Affidavit) ¶¶ 4, 6-8.
[27] *Id.*
[28] *Id.*¶ 5.
[29] The Rehabilitator will make the KAMMCO report available to the Court for *in camera* inspection, but is not filing the report as it contains highly confidential claims and reserve information relating to ongoing lawsuits.
[30] Exhibit F (Rehabilitator Affidavit) ¶ 12.
[31] *Id.*¶ 9.
[32] Exhibit F (Rehabilitator Affidavit) ¶ 13.

The Rehabilitator believes the former management of PSIC lacks the competence and integrity necessary to operate an insurance company, and that this poses a hazard to policyholders, creditors, and the public. The Missouri Commissioner made a similar conclusion relating to PSIC's former owner, MPM-PPIA, while under the management of Downard.

PSIC blatantly flouted the well-known requirement for the prior regulatory approval of the policy acquisition agreement, and instead notified the Department of the transaction only after implementing the transaction and advertising it to consumers. The transaction resulted in an apparent transfer of $1 million from PSIC to MPM-PPIA, on the brink of its own insolvency, and saddled PSIC with MPM-PPIA's book of business on a going forward basis. In return, PSIC received from MPM-PPIA PSIC's own (worthless) stock. There was no cash infusion to support PSIC's new obligations. The transaction was clearly not in the best interests of PSIC.

This is not the only questionable transaction. As detailed in prior filings, PSIC management authorized contracts with at least three other Downard-affiliated entities that involved lucrative payments to the Downard entities, including: (1) Downard's law firm under a retainer agreement; (2) Downard's company, Baltic & Mediterranean, LLC, for office lease space; and (3) Downard's company, Corporate Insurance Services ("CIS"), for third party administration services. PSIC was required, but failed to obtain, regulatory approval of the contracts to ensure they were fair and in the best interest of PSIC.

In addition, PSIC started making payments to Trout that MPM-PPIA had previously been making under MPM-PPIA's non-compete with Trout apparently beginning in August 2018, which involve monthly payments of $62,500 or $750,000 annually. Prior to this, PSIC had assured the Department on three separate occasions that it would not assume responsibility for the Trout payments. PSIC later claimed it starting making the payments upon the advice of an unspecified "outside legal counsel."[33] PSIC's financial statements also failed to accurately reflect and account for future Trout payments that PSIC apparently assumed in August 2018.

Finally, the directors of PSIC have abandoned the company. The PSIC Directors apparently resigned their board positions effective August 19, 2019.[34] Yet, no one notified the Commissioner/Rehabilitator until after she had filed her petition for liquidation. The board has not been reconstituted. Moreover, Mark L. Gates, the managing member of PSIC's controlling shareholder, Radiology Investment Group, LLC, and a former director and officer of PSIC, has confirmed in writing that the controlling shareholder consents to liquidation of the company.[35] Dr. Gates' medical group has also terminated its PSIC liability coverage.

B. In Addition to Its Insolvency, PSIC is in a Precarious Financial Condition that Poses a Hazard to Policyholders, Creditors, and the Public.

PSIC is obligated to maintain MPM-PPIA's deficient policy rates for three years after the policy acquisition agreement.[36] An actuarial report dated May 10, 2019, provided to PSIC by Centric Actuarial Solutions, concluded PSIC's premiums should be increased by a minimum of 15.5%.[37]

Despite the deficient rates, insurance renewals and new sales have declined. During rehabilitation, many policyholders cancelled their PSIC coverage or otherwise did not renew with PSIC. As of October 31, 2019, there were 267 in force policies providing coverage for 430 separate insureds, an 11% and 10.2% reduction in policies in force and number of insureds, respectively, from August 20, 2019. The decline in annual premiums based on non-renewal or cancellation of policies since August 20, 2019, is estimated at $253,721.17. In addition, the

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[33] Rehab. Pet. ¶ 55, Answer ¶ 55.
[34] Exhibit G (Board Resignations).
[35] PSIC Response to Petition for Final Order and Judgment of Liquidation filed November 25, 2019.
[36] Exhibit B (Policy Acquisition Agreement); PSIC has also advertised to consumers and policyholders that it would maintain premiums for the next three years.
[37] Exhibit H (Centric Rate Review).

company has not been able to secure renewal reinsurance coverage, creating additional hazard to policyholders and the public.[38]

VI. Conclusion and Request for Relief

Assuming the Petition for Liquidation is granted (the Rehabilitator will supply a proposed order of liquidation), K.S.A. 40-3636 requires notice of the liquidation, including notice of the applicable deadline for submission of any claim against the estate ("Bar Date") as soon as possible to: (1) other non-domiciliary regulators of PSIC (Missouri); (2) any potentially applicable guaranty association (Missouri and Kansas); (3) all agents of the insurer; (4) all known or reasonably expected claimants against PSIC, including policyholders at their last known address according to PSIC's records; and (5) by publication in a newspaper of general circulation in the county in which the insurer had its principal place of business (Franklin County, Missouri), and in any other locations as the liquidator deems appropriate.

The Rehabilitator requests that the Court approve and include in its order of liquidation a Bar Date of May 15, 2020, for any claim against the PSIC estate, which date will be included in the notice to policyholders and other creditors under K.S.A. 40-3626.

The Rehabilitator further requests the Court set deadline for the semi-annual accounting/report to the Court for a date no later than six months from the Court's order of liquidation.

Finally, the Rehabilitator requests that the Court specify in its order of liquidation that it is a final judgment, subject to immediate appeal, and that the Court grant and provide for all other relief deemed advisable or necessary.

[38] Exhibit F (Rehabilitator Affidavit) ¶ 15.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies a true and correct copy of the above and foregoing was served by email on this 25th of November, 2019 by causing the same to be sent by electronic mail addressed to the following, and by filing the same via the Court's electronic filing system:

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EXHIBIT A

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	**Proposed Acquisition of**	)	
		)	
	Galen Insurance Company	)	**Case No. 160608301C**
		)	
	by	)	
		)	
	Missouri Professionals Mutual - Physicians Professional Indemnity Association.	)))	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and evidence on the whole record, I, John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department"), find and conclude that:

PROCEDURAL HISTORY

1. On June 3, 2016, Missouri Professionals Mutual – Physicians Professional Indemnity Association ("MPM-PPIA"), a Missouri Chapter 383 malpractice association, filed a Form A statement with the Department in connection with its proposed acquisition of control of Galen Insurance Company, a Missouri domestic property and casualty insurance company (the "Domestic Insurer").

2. On June 8, 2016, the Director issued a Notice of Hearing and Order Appointing

Ex.A

Hearing Officer, setting this matter for a public hearing on July 1, 2016, and appointing Mary S. Erickson as the Hearing Officer.

3. On June 17, 2016, the Hearing Officer issued the Notice to Interested Persons and Order ordering any person to whom notice was sent and any other person whose interests may be affected by the proposed acquisition to file, on or before June 24, 2016, a written entry of appearance and intent to participate in the hearing.

4. On June 22, 2016, the Division of Insurance Company Regulation (the "Division"), through counsel, filed its Entry of Appearance and Notification of Participation.

5. Also on June 22, 2016, MPM-PPIA filed its Unopposed Motion to Continue Hearing, requesting a continuance of the hearing, to be re-set at a later date upon request of the parties.

6. On June 23, 2016, the Hearing Officer entered an Order of Continuance and issued an Order Staying Notice to Interested Persons and Order.

7. On September 8, 2016, MPM-PPIA filed a revised Form A statement (the "Form A Filing"), replacing the June 3, 2016 filing in its entirety.

8. On September 19, 2016, the Hearing Officer issued an Amended Notice of Hearing, setting this matter for a public hearing on October 11, 2016. October 11, 2016 was the first business day after the thirtieth day following the filing of the revised Form A statement, which fell on a Saturday.

9. Also on September 19, 2016, the Hearing Officer issued another Notice to Interested Persons and Order ordering any person to whom notice was sent and any other person whose interests may be affected by the proposed acquisition to file, on or before October 3, 2016, a written entry of appearance and intent to participate in the hearing, exempting those who

previously filed such entry.

10. At the October 11, 2016 hearing, MPM-PPIA appeared by Executive Vice President Jonathan L. Downard, and by counsel, Charles W. Hatfield and Erin M. Naeger. The Domestic Insurer did not appear. The Domestic Insurer's sole shareholder, Galen Insurance Management Company ("GIMC"), appeared by counsel, Alexander C. Barrett. The Division appeared by counsel, Kelly A. Hopper.

11. The October 11, 2016 hearing concluded in one day, and the hearing record remained open to receive written argument from interested persons on or before 5:00 p.m., October 13, 2016, after which the hearing record would be considered complete and the matter taken under submission. Order, October 12, 2016.

12. On October 13, 2016, GIMC filed its "Suggestions in Support of the Form A."

13. Consistent with the Hearing Officer's October 12, 2016 Order, MPM-PPIA and the Division filed their separate proposed findings of fact, conclusions of law, and order.

EVIDENTIARY ISSUES

14. During direct examination of Scott Reeves, a financial examiner at the Department, the Division moved for the admission of Exhibit 12, Hazardous Financial Condition Loss Tests for MPM-PPIA. Hearing Transcript, page 67 (Tr. 67). Reeves testified that the hazardous financial condition statute does not apply to Chapter 383 companies, but that as a result of the merger, the surviving entity, the Domestic Insurer, would be a Chapter 379 company and the hazardous financial condition statute would apply. *Tr. 68.* MPM-PPIA offered no objection and Exhibit 12 was admitted. *Tr. 67.* As the testimony continued, MPM-PPIA moved to strike Exhibit 12 and conducted voir dire of Mr. Reeves regarding Exhibit 12 during which Mr. Reeves testified that MPM-PPIA is a Chapter 383 company. *Tr. 69-70.* The Division

explained that the evidence is relevant to illustrate MPM-PPIA's condition, but not to determine whether MPM-PPIA is in a hazardous financial condition under § 375.539. The Hearing Officer took the objection with the case. *Tr. 70.*

15. Also during the direct examination of Mr. Reeves, the Division moved for the admission of Exhibits 13 and 14, Hazardous Financial Condition Loss Tests for other time periods for MPM-PPIA. *Tr. 71-72.* MPM-PPIA objected to these exhibits on the same grounds.

16. The parties agree that MPM-PPIA is not subject to the hazardous financial condition statute, § 375.539, but disagree regarding the admissibility of the tests conducted by Mr. Reeves using MPM-PPIA's data to demonstrate that if MPM-PPIA had been subject to the hazardous financial condition loss tests, MPM-PPIA would have failed the tests as of December 31, 2015, March 1, 2016, and June 30, 2016. *Tr. 70-73.* Neither party briefed this evidentiary issue in their proposed findings of fact, conclusions of law and order.

17. The Division's Exhibits 12, 13, and 14 are admitted and MPM-PPIA's objections are overruled.

18. At the hearing, the parties submitted their Joint Stipulation of Facts and Exhibits.

FINDINGS OF FACT

19. MPM-PPIA provided timely notice of the hearing to the Domestic Insurer. *Certificate of Service*, filed October 3, 2016.

20. MPM-PPIA is a mutual insurance company domiciled in the State of Missouri, organized under Chapter 383, RSMo, and as such, is owned by its policyholders. *Exhibit A; Tr. 139.*

21. MPM-PPIA owns 100% of the stock of MPM Insurance Company of Kansas ("MPM-KS"), which is a stock insurance company domiciled under the laws of Kansas. *Exhibit*

A; Tr. 137-139.

22. The Domestic Insurer, Galen Insurance Company, is a Missouri domiciled insurance company, wholly owned by GIMC. GIMC provides management services to the Domestic Insurer through a management agreement. *Exhibit A; Tr. 34.*

23. The Domestic Insurer was placed under an order of administrative supervision on September 30, 2015 due to, *inter alia*, rapidly deteriorating surplus and corporate governance issues. *Exhibit 1; Tr. 34.* The Domestic Insurer remains under administrative supervision. *Exhibit 2.*

24. MPM-PPIA seeks to acquire control of the Domestic Insurer pursuant to a Memorandum of Understanding and Binding Letter of Intent ("MOU") executed by MPM-PPIA, GIMC, MPM-KS, and the Domestic Insurer. The MOU states, in relevant part: "[W]hen MPM-PPIA becomes the sole shareholder of Galen Insurance Company, MPM-PPIA intends to merge Galen with MPMKS and Galen will be the surviving entity after merger." *Exhibit A-24, p. 1.*

25. The Form A Filing states that MPM-KS will acquire 100% of the outstanding shares of the Domestic Insurer from GIMC in exchange for $600,000, to be partially offset by the payment by GIMC to the Domestic Insurer of a note receivable in the approximate amount of $200,000. *Exhibit A, pp. 2, 4-5.*

26. The Form A Filing also states that the Domestic Insurer will obtain control of MPM-KS through an exchange of shares with MPM-PPIA, which is logically inconsistent with other descriptions of the transaction contained in the Form A Filing. *Exhibit A, p. 2.*

27. While the intermediate steps of the proposed transaction are unclear from the Form A Filing, it is clear that following execution of the proposed transaction, MPM-PPIA will own 100% of the outstanding shares of the Domestic Insurer, and MPM-KS will cease to exist.

MPM-PPIA is therefore the "acquiring party" contemplated by § 382.060.1(3), RSMo;[1] *see also* 20 CSR 200-11 Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer ("*Name of Acquiring Person (Applicant)*") (italics in original). *See generally Exhibit A, Form A Filing by MPM-PPIA; see also Galen Insurance Management Company's Suggestions in Support of the Form A, p. 3.*

28. The Domestic Insurer reported surplus as of June 30, 2016 of $1,247,259. *Exhibit G, p. 3.*

29. The Domestic Insurer reported surplus as of August 31, 2016 of $319,933. *Exhibit 4, p. 2.*

30. While a more recent exact figure was not available, Scott Reeves, an appointed administrative supervisor of the Domestic Insurer, estimated that the surplus of the Domestic Insurer was below $319,933 as of October 11, 2016. *Tr. 45-46.*

31. To avoid repetition, the factual findings *supra* and *infra* are incorporated fully within this Findings of Fact, Conclusions of Law and Order, including and not limited to the factual findings relating to each separate subparagraph under § 382.060.1 discussed below.

A. Section 382.060.1(3)

32. Pursuant to § 382.060.1(3), the Director may disapprove this acquisition of control if he finds after a public hearing that "[t]he financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders."

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[1] All references to § 382.060 of the Revised Statutes of Missouri contained herein are to the section as amended by House Bill 50 (2015).

<u>The Historical Performance of PPIA and MPM-PPIA</u>

33. Missouri Professionals Mutual ("MPM") and Physicians Professional Indemnity Association ("PPIA") were Missouri Chapter 383 malpractice associations prior to their merger in late 2014. MPM was the surviving entity renamed MPM-PPIA. *See Exhibits A-15-23.*

34. PPIA management, including Executive Vice President Jonathan L. Downard, took over management of MPM-PPIA, and continues in that role today. *Tr. 250.*

35. As of December 31, 2010, MPM and PPIA reported combined surplus of $19,358,123. *Exhibit A-15, p. 5*; *Exhibit A-16, p. 4.*

36. As of December 31, 2014, the merged entity MPM-PPIA reported surplus of $2,449,596. *Exhibit A-21, p. 5.*

37. Prior to the merger with MPM, PPIA experienced the following losses from underwriting activities: $(743,615) in 2010, $(668,368) in 2011, $(663,554) in 2012, and $(1,307,386) in 2013. *Exhibit A-16, p. 5*; *Exhibit A-18, p. 5*; *Exhibit A-20, p. 6.*

38. Prior to the merger with MPM, PPIA experienced the following net income losses: $(5,172) in 2012 and $(812,829) in 2013. *Exhibit A-18, p. 5*; *Exhibit A-20, p. 6.*

39. In 2014, MPM-PPIA reported an underwriting loss of $(1,727,241), a net income loss of $(1,090,713), and a surplus decrease of $(1,564,226). *Exhibit A-19, p. 5*; *Exhibit A-20, p. 5*; *Exhibit A-21, pp. 5-6.*

40. In the first three months of 2015, MPM-PPIA reported an underwriting loss of $(664,723), a net income loss of $(509,724), and a surplus decrease of $(149,600). *Exhibit 6.*

41. In the first six months of 2015, MPM-PPIA reported an underwriting loss of $(1,488,136), a net income loss of $(1,248,772), and a surplus decrease of $(578,347). *Exhibit 7.*

42. In the first nine months of 2015, MPM-PPIA reported an underwriting loss of $(2,261,097), a net income loss of $(1,939,655), and a surplus decrease of $(1,292,864). *Exhibit 8.*

43. In 2015, MPM-PPIA reported an underwriting loss of $(2,358,532), a net income loss of $(2,070,002), and a surplus decrease of $(1,485,693). *Exhibit 9.*

44. MPM-PPIA additionally reported unfavorable reserve development of $(1,725,278) in 2015. *Id.* Unfavorable reserve development results in an increase in reserves, and a corresponding decrease in surplus. *Tr. 58- 60.*

45. In the first three months of 2016, MPM-PPIA reported an underwriting loss of $(131,770), a net income loss of $(89,842), and a surplus increase of $26,531. *Exhibit 10.*

46. In the first six months of 2016, MPM-PPIA reported an underwriting loss of $(434,494), a net income loss of $(311,528), and a surplus decrease of $(122,090). MPM-PPIA additionally reported unfavorable reserve development of $(406,634) in the first six months of 2016. *Exhibit 11.*

47. The foregoing facts may be summarized as follows:

a. MPM-PPIA management has operated PPIA and MPM-PPIA with consistently negative underwriting results dating back to 2010, and MPM-PPIA has reported negative underwriting results in each of the six full quarters since the 2014 merger for which MPM-PPIA has filed a financial statement with the Department.

b. MPM-PPIA management has operated PPIA and MPM-PPIA with consistently negative net income dating back to 2012, and MPM-PPIA has reported negative net income in each of the six full quarters since the 2014 merger for which MPM-PPIA has filed a financial statement with the Department.

48. Consistently negative underwriting results produce "a high level of concern that the company will eventually become insolvent if it is not able to get its costs under control either in expenses or reserving." *Tr. 143.*

49. Companies with consistently negative underwriting results do not help themselves when they write additional business absent some improvement in underwriting. *Tr. 178-179.*

50. Consistently negative net income indicates that "the capital and surplus of the company is continually declining unless the company is receiving some type of capital contribution." *Tr. 144.*

51. MPM-PPIA is contractually obligated to make monthly payments of $62,500 to Timothy Trout until December 31, 2020, for an annual obligation of $750,000. *Exhibit 11*; *Tr. 64- 65; see also, testimony of Jonathan L. Downard, Tr. 266.*

52. MPM-PPIA does not possess readily available assets to pay claims in excess of its liabilities, and is illiquid. *Tr. 148.*

53. MPM-PPIA's consistent underwriting losses, consistent negative net income, consistent surplus deterioration, unfavorable reserve development, ongoing payment obligation to Timothy Trout, and illiquidity contribute to the financial condition of MPM-PPIA being such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of its policyholders.

54. Post-acquisition, the combined entity surplus of the Domestic Insurer and MPM-KS would be approximately $3.6 million. *Tr. 236.*

55. The Notice and Order of Administrative Supervision currently prohibits the

Domestic Insurer from writing insurance business. In order to rescind the supervision, the Domestic Insurer must, *inter alia*, file a true and accurate financial statement showing surplus as regards policyholders of at least $7,440,905. *Exhibit I.*

56. Jonathan Downard admitted that post-acquisition, the Domestic Insurer would not meet the order of supervision's required showing of surplus as regards policyholders. *Tr. 268, 270.*

57. Therefore, post-acquisition, the Domestic Insurer will continue to be prohibited from writing insurance business.

The Impact of the Proposed Transaction on MPM-PPIA and its Policyholders

58. MPM-PPIA currently owns 100% of the outstanding stock of MPM-KS, and reports the capital and surplus of MPM-KS as a common stock investment on its balance sheet. *Exhibit 11*; *Tr. 63-64.* Any consideration paid by MPM-KS to GIMC in excess of the capital and surplus of the Domestic Insurer will therefore have an immediate dollar-for-dollar negative impact on MPM-PPIA's surplus. *Testimony of J. Randy Snodgrass, Tr. 246-248.*

59. The Form A Filing states that MPM-KS will acquire 100% of the outstanding shares of the Domestic Insurer from GIMC in exchange for $600,000, to be partially offset by the payment by GIMC to the Domestic Insurer of a note receivable in the approximate amount of $200,000. *Exhibit A, pp. 2, 4-5.* Following execution of the proposed transaction, MPM-PPIA will own 100% of the outstanding shares of the Domestic Insurer, and MPM-KS will cease to exist. *Id.*

60. Using the Domestic Insurer's reported surplus of $319,933 as of August 31, 2016, the proposed acquisition would therefore have an immediate negative impact on MPM-PPIA's surplus of $(80,067). The likely decrease in the Domestic Insurer's surplus since August 31,

2016, would increase the negative impact on MPM-PPIA's surplus on a dollar-for-dollar basis.

61. The immediate negative impact on MPM-PPIA's surplus post-acquisition contributes to the financial condition of MPM-PPIA being such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of its policyholders.

MPM-PPIA's Intent and Ability to Support the Domestic Insurer Post-Acquisition

62. Post-acquisition, MPM-PPIA and the Domestic Insurer will be run "separate and independent," and MPM-PPIA has no plans to provide a surplus infusion if the Domestic Insurer drops back below minimum capital and surplus in the future. *Testimony of Jonathan L. Downard, Tr. 279- 280.*

63. In the course of reviewing the Form A Filing "for whether or not the company has the ability to both acquire and support a company, [the Division is] going to look to whether or not that company has the ability to put money into this company when it needs it." *Testimony of Debbie Doggett, Tr. 162.* Whether MPM-PPIA can support the Domestic Insurer is relevant to the Director's review of the financial condition of MPM-PPIA under § 382.060.1(3).

64. MPM-PPIA "does not have readily available assets to be able to contribute to [the Domestic Insurer] post acquisition." *Tr. 148-149.*

65. MPM-PPIA "does not have the ability to support [the Domestic Insurer] in the future without jeopardizing its own policyholders through assessments or other means to support [the Domestic Insurer]." *Id. at 151.*

66. While no Missouri insurance law requires a shareholder to infuse money into an insurance company subsidiary, MPM-PPIA's lack of both intent and ability to do so in the future contributes to the financial condition of MPM-PPIA being such as might jeopardize the financial stability of the Domestic Insurer, or prejudice the interest of its policyholders.

<u>The Receivable Due to the Domestic Insurer from GIMC</u>

67. The Domestic Insurer reported a receivable due from its parent, GIMC, of $228,766 as of June 30, 2016. *Exhibit G, p. 2.*

68. An independent review by the accountants of Conner Ash, P.C., the accounting firm that performed the audit for the Domestic Insurer as of 2015, determined that GIMC owed an additional $925,375 to the Domestic Insurer as of June 30, 2016. *Exhibit 5, p. 4*; *Tr. 46- 49.*

69. The Domestic Insurer reported a receivable due from its parent, GIMC, of $1,201,038 as of August 31, 2016. *Exhibit 4, p. 1*; *Tr. 48-49.*

70. The Form A Filing contemplates payment of approximately $200,000 from GIMC to the Domestic Insurer, leaving approximately $1,000,000 of the receivable unpaid. *Exhibit A, pp. 4-5*; *Exhibit 4, p. 1.*

71. MPM-PPIA has no current plans to seek collection of the additional $1,000,000 from GIMC. *Testimony of Jonathan L. Downard, Tr. 272.*

72. Failing to collect the receivable would prejudice the interest of policyholders of the Domestic Insurer.

73. Collecting the receivable would be in the best interests of policyholders of the Domestic Insurer, but would result in GIMC losing approximately $600,000 on a net basis from the proposed acquisition.

<u>The Financial Examination of MPM-PPIA as of December 31, 2014</u>

74. On the date of the hearing, a financial examination of MPM-PPIA as of December 31, 2014 was in progress. *Tr. 33.*

75. The Hearing Officer admitted the written testimony of Kristine M. Fitzgerald, a consulting actuary who performed work on the financial examination through her actuarial

consulting firm, Actuarial & Technical Solutions, Inc. ("Actuarial Solutions"), and Exhibits 16-A and 16-B, examiner workpapers from that financial examination. *Tr. 196.*

76. Exhibits 16-A and 16-B, prepared by Kristine M. Fitzgerald and Actuarial Solutions, and the written testimony of Kristine M. Fitzgerald relevant thereto,[2] questions 6 to 39, are highly relevant to the financial condition of MPM-PPIA, whether the financial condition of MPM-PPIA is such as might jeopardize the financial stability of the Domestic Insurer, and whether the financial condition of MPM-PPIA is such as might prejudice the interest of the Domestic Insurer's and/or MPM-PPIA's policyholders. Exhibits 16-A and 16-B and the relevant written testimony thereto are found to be credible by the Director and are relied upon in these Findings of Fact, Conclusions of Law and Order.

<u>The Adequacy of MPM-PPIA's Reserves as of December 31, 2015</u>

77. Kristine M. Fitzgerald and Actuarial Solutions were engaged by the Director pursuant to § 382.060.6, to assist in reviewing the proposed acquisition. *Exhibit 16, p. 8.*

78. The Division attempted to obtain from MPM-PPIA through discovery information necessary for Actuarial Solutions to conduct an actuarial review of certain aspects of MPM-PPIA's reserves as of December 31, 2015. *Exhibit 16, pp. 8-10.* Following the Hearing Officer's October 6, 2016 Order granting the Division's motion to compel, MPM-PPIA provided responsive information on October 7, 2016, the business day immediately prior to the Form A hearing date. A cursory review of the information indicated that the information may be incomplete. *Exhibit 16, pp. 9-10.*

79. Exhibits 16-D and 16-E, prepared by Stephen Streff (actuary retained by MPM-

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[2] The Hearing Officer ordered that Exhibits 16-A and 16-B, as well as the written testimony of Kristine M. Fitzgerald relevant thereto, are closed records not available for public inspection.

PPIA), and the written testimony of Kristine M. Fitzgerald relevant thereto,[3] questions 63 to 84, are highly relevant to the financial condition of MPM-PPIA, whether or not the financial condition of MPM-PPIA is such as might jeopardize the financial stability of the Domestic Insurer, and whether or not the financial condition of MPM-PPIA is such as might prejudice the interest of the Domestic Insurer's and/or MPM-PPIA's policyholders.

B. Section 382.060.1(5)

80. Pursuant to § 382.060.1(5), the Director may disapprove this acquisition of control if he finds after a public hearing that:

> The competence, experience or integrity of those persons who would control the operation of the insurer are such that it would be contrary to the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control.

81. Mr. Downard served as the Executive Vice President of PPIA prior to the 2014 merger and currently serves as the Executive Vice President of MPM-PPIA. *Tr. 265.*

82. Mr. Downard testified that the Domestic Insurer will be operated post-acquisition by the same individuals that currently operate MPM-PPIA. *Id. at 273.*

83. The competence and experience of MPM-PPIA management in managing PPIA prior to the 2014 merger and MPM-PPIA post-merger demonstrates consistently negative underwriting results, a consistent deterioration of surplus, and unfavorable reserve development.

84. J. Randy Snodgrass testified that his understanding was that MPM-PPIA did not intend to do anything to hurt the Domestic Insurer post-acquisition. *Tr. 228:3 – 228:21.*

85. Neither Mr. Snodgrass nor Mr. Downard testified to specific actions MPM-PPIA

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[3] The Hearing Officer ordered that Exhibits 16-D and 16-E, as well as the written testimony of Kristine M. Fitzgerald relevant thereto, are closed records not available for public inspection.

management has taken or will take to improve its consistently negative profitability and performance.

86. In evaluating the competence and experience of those persons who would control the operation of the Domestic Insurer, the Director finds the consistently negative operating results of MPM-PPIA to be more persuasive than its management's unsubstantiated intent going forward to improve performance.

87. Bringing the Domestic Insurer under common management with MPM-PPIA, and thereby subjecting PPIA's and MPM-PPIA's consistently negative operating results upon the Domestic Insurer, would be contrary to the interests of the policyholders of the Domestic Insurer.

88. The Form A Filing contains conflicting statements as to the mechanics of the proposed acquisition in Item 1, Item 4, and the MOU. It is unclear whether or not the Domestic Insurer will hold MPM-KS stock, or vice-versa, prior to the merger of the two entities.

89. The Form A statement filed on June 3, 2016 contained numerous completeness issues that were brought to the attention of MPM-PPIA by the Division. *Exhibit 15*; *Tr. 131-133.*

90. The revised Form A Filing filed on September 8, 2016, addressed some but not all of the issues noted in the June 3, 2016 filing and additional issues were discovered. *Tr. 133-136.*

91. The inability of MPM-PPIA to file a complete and internally consistent Form A Filing that accurately and consistently describes the proposed acquisition reflects poorly on the competence of MPM-PPIA management.

C. Section 382.060.1(6)

92. Pursuant to § 382.060.1(6), the Director may disapprove this acquisition of control if he finds after a public hearing that "[t]he acquisition is likely to be hazardous or prejudicial to the insurance buying public."

93. The negative impact of the proposed acquisition on the deteriorating financial condition of MPM-PPIA, as described herein, is a separate and sufficient basis to disapprove this proposed acquisition under § 382.060.1(6). The negative impact on MPM-PPIA resulting from the proposed acquisition would likely be hazardous or prejudicial to current policyholders of MPM-PPIA, as well as any other members of the insurance buying public who may consider purchasing an MPM-PPIA policy in the future.

94. In light of all of the findings, the acquisition is likely to be hazardous or prejudicial to the policyholders of the Domestic Insurer, MPM-PPIA, and/or to the insurance buying public in Missouri.

CONCLUSIONS OF LAW

95. After a public hearing pursuant to § 382.060, the Director fails to find that:

A. After the acquisition of the Domestic Insurer by MPM-PPIA, the Domestic Insurer will be unable to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed. § 382.060.1(1).

B. The effect of the acquisition of the Domestic Insurer will be to substantially lessen competition in insurance or tend to create a monopoly in this State. § 382.060.1(2).

C. MPM-PPIA's plans or proposals, if any, to liquidate the Domestic Insurer, or sell its assets, to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair or unreasonable to its policyholders or contrary to the public interest. § 382.060.1(4).

96. After a public hearing pursuant to § 382.060, the Director finds that:

A. The financial condition of the acquiring party, MPM-PPIA, is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of the Domestic Insurer's and/or MPM-PPIA's policyholders. § 382.060.1(3).

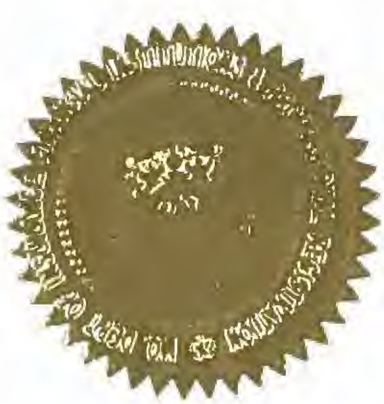
B. The competence, experience and integrity of MPM-PPIA and its officers and directors are such that it would be contrary to the interests of policyholders of the Domestic Insurer and of the public to permit the acquisition of the Domestic Insurer by MPM-PPIA. § 382.060.1(5).

C. The proposed acquisition of the Domestic Insurer by MPM-PPIA is likely to be hazardous or prejudicial to the insurance buying public. § 382.060.1(6).

ORDER

Based on the foregoing specific findings as required by § 382.060.2, and the conclusions set forth herein, the proposed acquisition of control of Galen Insurance Company by Missouri Professionals Mutual – Physicians Professional Indemnity Association is hereby **DISAPPROVED.**

So ordered, signed and official seal affixed this 10th day of November, 2016.



JOHN M. HUFF
DIRECTOR
Department of Insurance, Financial Institutions and Professional Registration
State of Missouri

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing was served by hand-delivery and courtesy copy by electronic mail, on this 10th day of November, 2016, to:

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Counsel for Missouri Professionals Mutual – Physicians Professional Indemnity Association

By U.S. Mail, postage prepaid, on November 10, 2016, and courtesy copy by electronic mail where email address indicated to:

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Other interested persons requesting notification of Form A proceeding (no entry of appearance or intent to participate filed):

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Counsel for Division of Insurance Company Regulation

/s/ Mary S. Erickson

EXHIBIT B

POLICY ACQUISITION AGREEMENT

This Agreement entered into on this 10th day of March 2018, by and between Physicians Standard Insurance Company Inc., a stock insurance company organized and licensed under the laws of the State of Kansas, hereinafter referred to as Physicians Standard, and Missouri Professionals Mutual – Physicians Professional Indemnity Association, a Missouri mutual company organized and licensed under the Chapter 383 of the Revised Statutes of the State of Missouri, hereinafter referred to as MPM-PPIA:

RECITALS

A. The parties have been in negotiations concerning the acquisition of the MPM-PPIA "book" of written professional liability insurance policies and the extended reporting policies, with Physicians Standard acquiring all current MPM-PPIA policies.

B. Physicians Standard has provided to MPM-PPIA an estimated cost difference between the premiums currently charged by MPM-PPIA for the current written policies and the amount Physicians Standard would charge in premiums for the same block of written policies, resulting in an approximate increase of premium of 15%, not including the extended reporting policies.

C. The parties have reached an agreement whereby MPM-PPIA will compensate Physicians Standard for the difference between the MPM-PPIA premiums charged and the Physician Standard premiums charges as well as additional consideration for the transfer of the extended reporting policies issued by MPM-PPIA and in force as of the date of this agreement.

D. Physicians Standard will agree to provide additional benefits to the MPM-PPIA policyholders as part of the consideration received from MPM-PPIA and to provide to current policyholders a three-year rate guarantee provided there are no claims activity and no underwriting changes and will offer non-assessable policies in substitution of the MPM-PPIA policies. Furthermore, Physicians Standard will utilize the policyholders current inception date for credit towards free extended reporting as a result of Death, disability or retirement.

E. That as additional consideration MPM-PPIA will transfer to Physicians Standard, Physicians Standard stock currently held by MPM-PPIA in an amount equal to the difference between MPM-PPIA policy premiums and Physicians Standard policy premiums for a three year premium period, and the premium of Physician Standard for the transfer of the extended reporting policies, said sum equaling the approximate amount of 1,477,174 shares of Physician Standard stock previously issued to MPM-PPIA.

F. MPM-PPIA will provide the option to Physicians Standard to purchase all remaining Physicians Standard Stock from MPM-PPIA for the sum of One Million Dollars ($1,000,000.00) to be paid within thirty (30) days from the date of this agreement.

THE PARTIES HERETO ENTER INTO THE FOLOWING UNDERSTANDING AND BINDING AGREEMENT FOR THE VALUABLE CONSIDERATION AS SET FORTH

HEREIN:

SECTION ONE

Documents – Physicians Standard and MPM-PPIA will cooperate, provide, collect and accumulate the policy information, documents and data requested in order to timely complete the acquisition of the MPM-PPIA written policies and extended reporting policies. Physicians Standard shall have access to all documents and said policies shall become the property of Physicians Standard. Physicians Standard and MPM-PPIA shall execute any necessary releases for information and authorizations in order to effectuate the transfer of said policies. Said "book" of business and policies shall belong to Physicians Standard from and after the date of this agreement.

SECTION TWO

Consideration – Physicians Standard and MPM-PPIA irrevocably agree upon the following consideration:

A. Physicians Standard shall receive and MPM-PPIA shall pay to Physicians Standard, for the acquisition of the written policies, and extended reporting policies, the sum of $3,870,196. Said payment shall be made by MPM-PPIA in the form of 1,477,174 shares of Physicians Standard stock, currently owned and held by MPM-PPIA, equally said sum in U. S. dollars. All future claims, liabilities, and premiums on said policies shall transfer and be conveyed to Physicians Standard as of the date of this agreement. All earned premium accrued and all assessments issued by MPM-PPIA prior to the date of this agreement shall remain the property of MPM-PPIA. Further MPM-PPIA shall continue to retain any and all claims and the obligation thereof to defend and indemnify any claim filed with MPM-PPIA under the policies prior to the date of this agreement. Physicians Standard shall then forward to each policyholder a Physicians Standard policy as substitution and cancellation of the MPM-PPIA policy of insurance.

B. Physicians Standard agrees to provide a three-year rate guarantee to said policyholders and policies received from MPM-PPIA as the result of this agreement and said premiums shall remain unchanged for thirty-six months from the date of this agreement provided the policyholder has no reported or paid claims or incidents and no underwriting changes in the terms of the policy.

C. MPM-PPIA shall provide the option of Physicians Standard to purchase the remaining shares of Physicians Standard stock, in the approximate sum of 381,680 shares for the sum of One Million Dollars ($1,000,000) within thirty (30) days of the date of this agreement, therefore divesting MPM-PPIA from any and all control and ownership of Physicians Standard.

SECTION THREE

Completion Date - The approval, completion of the merger and transfer of stock as set forth herein shall take place no later than March 12, 2018 or immediately upon approval of Membership of MPM-PPIA and the Board of Directors of MPM-PPIA.

Additional Merger Documents - The parties acknowledge and agree that any and all underwriting and claims data shall be transferred to Physicians Standard from MPM-PPIA.

Further the parties hereto agree that the MPM-PPIA producer agreements, not otherwise issued and entered into by Physicians Standard with a producer(s) shall remain in force with MPM-PPIA and shall have no binding effect on Physicians Standard, including the payment of commissions.

If any portion of this agreement is deemed unenforceable by any act of law, regulation, or Court determination, said portion and determination shall not apply to the remainder of this agreement and the remainder of the agreement shall remain enforceable and in full force and effect.

The failure, of any party to this agreement, to satisfy any of the requirements or terms of this agreement shall give ground and the right to terminate this agreement with each party to bear their own costs expended as well as damages against the breaching party for damages suffered by the other party.

Physicians Standard Insurance Company Inc.

By: Karl R. Stark MD

Karl Stark, M.D. President

MPM-PPIA

By Carrie Lynn Carda MD

Carrie Carda, M.D. President

EXHIBIT C

Taylor&Mulder
Property and Casualty Consulting Actuaries

10508 Rivers Bend Lane,
Potomac, MD 20854

t (301) 365-4800 f (301) 365-4882
e contact@taylorandmulder.com

w taylorandmulder.com

July 9, 2019

Ms. Nicole Boyd
Actuarial Examiner
Kansas Insurance Department
420 SW 9th Street
Topeka, KS 66612

Dear Ms. Boyd:

We have reviewed the Physicians Standard Insurance Company ("PSIC") and MPM-PPIA loss data provided by Mindy Coughlin of Corporate Insurance Services, LLC ("CIS"), the TPA for PSIC, and have determined an estimate of the unpaid claims as of December 31, 2018. We also made use of data provided in the *2018 Loss Reserve Report for Physicians Standard Insurance Company* by Streff Insurance Services ("Streff Report") and the *2017 Loss Reserve Report for Missouri Professionals Mutual – Physicians Professional Indemnity Association* by Streff Insurance Services ("MPM-PPIA Report").

The goal of the analysis was to project the net and gross ultimate and unpaid losses as of December 31, 2018. To do this, we created loss development triangles from the loss runs provided to us, and we used these triangles to derive loss development factors for the net paid, net incurred, gross paid, and gross incurred losses. We had various loss runs and information to work from, so we made use of three different sets of data to derive the loss development factors:

1. The paid losses and case reserves reported while a policyholder was insured by MPM-PPIA or PSIC and the insured is currently insured in 2018 by PSIC.
2. The paid losses and case reserves reported while a policyholder was insured by MPM-PPIA or PSIC, regardless of who the current insurer is. This should be the complete database of all insureds.
3. The loss development triangles contained in the MPM-PPIA 2017 Loss Reserve Report prepared by Streff.

We then applied the different sets of loss development factors to the losses reported in the PSIC 2018 Annual Statement. We averaged the six different results to get our estimate of the ultimate losses. The results of our analysis show that the booked loss reserves are $2,690,518 deficient on a net basis and $2,568,367 deficient on a gross basis.

It is important to note that there were inconsistencies between the loss runs we received and the losses presented in the *Streff Report*. The most worrisome issue was that the claim payment data from the loss runs did not match the data used in the *Streff Report*. Furthermore, the loss payments shown in the *Streff Report* did not reconcile to the Annual Statement values in Schedule P. The

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TPA for PSIC explained that the data used in our analysis will not match the data used in other reports due to the fact that the loss runs are created at a different point in time from the actuarial data and the Annual Statement data.

Although there are some inconsistencies in the data we received, we think the inconsistencies are immaterial to our analysis. The loss development factors in our analysis from all six methods were applied to the losses and DCC in the PSIC Annual Statement. The deficiency in our analysis is higher than the deficiency in the Streff report due to the fact that he used triangles from MPM-PPIA evaluated as of December 31, 2017 and he only selected the lower paid loss development method.

Taylor & Mulder was also asked by the Department to determine a premium deficiency reserve for PSIC as of December 31, 2018. To determine this reserve, we used projected ultimate losses by report year to determine the loss and LAE ratio by year. We selected an expected loss and LAE ratio for the unexpired portion of the premium as of year-end 2018. We then used net paid loss development factor selections to determine an anticipated future payment pattern for these losses. This was discounted to present value at a risk-free rate. As a final step, we used the Company's five-year history from the 2018 Annual Statement to derive a factor for unamortized underwriting expenses, per the requirements of SSAP 53, Paragraph 15.

The results of our analysis show a premium deficiency reserve of $1,354,460. This is based on discounted loss and LAE payments of $4,509,473, unamortized underwriting expenses on the unearned premium reserve of $1,170,510, and an unearned premium reserve of $3,155,013.

Please let us know if you have any questions.

Sincerely,

Daniel W Lupton

Daniel W. Lupton, FCAS, MAAA, CSPA, MBA

Evelyn Toni Mulder

E. Toni Mulder, FCAS, MAAA, FCA

Bobby Jaegers

Bobby Jaegers

This summarizes all tables and calculations and methods used.

Physicians Standard Insurance Company
Reserve Analysis
PSIC Net Unpaid Loss Summary

Exhibit Summary 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
			Current PSIC Insured Triangles		MPMPPIA Triangles		Streff Triangles					Unpaid						
	Paid	Incurred	Paid	Incurred	Paid	Incurred	Paid	Incurred	Selected	Case		Extended		Booked	Redundancy/	Open MPM	Open PPIA	Total
RY	To Date	To Date	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Reserves	IBNR	Reporting End	Unpaid	Reserve	(Deficiency)	Claims	Claims	Open
2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	20,888,000	20,888,000	20,888,000	20,888,000	20,888,000	20,888,000	20,888,000	20,888,000	20,888,000	0	0	0	0	0	0	0	0	0
2012	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	0	0	0	0	0	0	0	0	0
2013	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000	0	0	0	0	0	0	0	0	0
2014	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	0	0	0	0	0	0	0	0	0
2015	1,484,000	1,494,000	1,643,731	1,625,907	1,723,348	1,667,114	1,700,058	1,594,018	1,659,029	10,000	165,029	50,000	225,029	60,000	-165,029	1	0	1
2016	424,000	511,000	566,316	631,745	621,882	670,955	617,399	605,483	618,963	87,000	107,963	85,000	279,963	172,000	-107,963	1	0	1
2017	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	0	0	157,000	157,000	157,000	0	0	0	0
2018	608,000	1,048,000	4,973,455	4,102,580	4,919,695	4,959,536	5,340,491	2,755,394	4,508,525	440,000	3,460,525	106,000	4,006,525	1,589,000	-2,417,525	27	0	27
Total	50,855,000	51,392,000	55,522,503	54,699,233	55,603,926	55,636,606	55,996,948	53,293,894	55,125,518	537,000	3,733,518	398,000	4,668,518	1,978,000	-2,690,518	29	0	29
Total 2015 to 2018	2,443,000	2,980,000	7,110,503	6,287,233	7,191,926	7,224,606	7,584,948	4,881,894	6,713,518	537,000	3,733,518	398,000	4,668,518	1,978,000	-2,690,518	29	0	29

(1) Claim Report Year
(2)-(3) From PSIC 2018 Annual Statement Schedule P Part 1
(4)-(5) Current PSIC Insured Claim History with MPM or PPIA Loss Development Factors applied to columns (2) and (3)
(6)-(7) MPM and PPIA Claim History Loss Development Factors Applied to Columns (2) and (3)
(8)-(9) Selected Loss Development Factors from Data in the 2017 MPM-PPIA Loss Reserve from Streff Applied to Columns (2) and (3)
(10) Selected Ultimate Loss Based on Columns (4) through (9)
(11) = (3) - (2)
(12) = (10) - (3)
(13) From PSIC Extended Reporting Reserves Actuarial Report as of December 31, 2018 by Dustin Gary
(14) = (11) + (12) + (13)
(15) From PSIC 2018 Annual Statement Schedule P Part 1
(15) = (15) - (14)
(17)-(18) From Loss Runs
(19) = (17) + (18)

Physicians Standard Insurance Company
Reserve Analysis
PSIC Gross Unpaid Loss Summary

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
			Current PSIC Insured Triangles		MPMPPIA Triangles		Streff Triangles					Unpaid						
	Paid	Incurred	Paid	Incurred	Paid	Incurred	Paid	Incurred	Selected	Case		Extended		Booked	Redundancy/	Open MPM	Open PPIA	Total
RY	To Date	To Date	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Reserves	IBNR	Reporting End	Unpaid	Reserve	(Deficiency)	Claims	Claims	Open
2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	23,665,000	23,665,000	23,665,000	23,665,000	23,665,000	23,665,000	23,665,000	23,665,000	23,665,000	0	0	0	0	0	0	0	0	0
2012	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	10,480,000	0	0	0	0	0	0	0	0	0
2013	11,775,000	11,775,000	11,775,000	11,775,000	11,775,000	11,775,000	11,775,000	11,775,000	11,775,000	0	0	0	0	0	0	0	0	0
2014	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	5,794,000	0	0	0	0	0	0	0	0	0
2015	1,484,000	1,494,000	1,634,490	1,625,907	1,710,079	1,657,139	1,713,558	1,601,640	1,657,135	10,000	163,135	50,000	223,135	60,000	-163,135	1	0	1
2016	424,000	511,000	563,133	631,745	614,162	664,677	625,017	606,046	617,463	87,000	106,463	85,000	278,463	172,000	-106,463	1	0	1
2017	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	-73,000	0	0	157,000	157,000	157,000	0	0	0	0
2018	608,000	1,048,000	4,945,496	4,102,580	4,797,525	4,865,794	5,023,798	2,603,419	4,389,769	440,000	3,341,769	106,000	3,887,769	1,589,000	-2,298,769	27	0	27
Total	54,157,000	54,694,000	58,784,119	58,001,233	58,762,766	58,828,609	59,003,373	56,452,105	58,305,367	537,000	3,611,367	398,000	4,546,367	1,978,000	-2,568,367	29	0	29
Total 2015 to 2018	2,443,000	2,980,000	7,070,119	6,287,233	7,048,766	7,114,609	7,289,373	4,738,105	6,591,367	537,000	3,611,367	398,000	4,546,367	1,978,000	-2,568,367	29	0	29

(1) Claim Report Year
(2)-(3) From PSIC 2018 Annual Statement Schedule P Part 1
(4)-(5) Current PSIC Insured Claim History with MPM or PPIA Loss Development Factors applied to columns (2) and (3)
(6)-(7) MPM and PPIA Claim History Loss Development Factors Applied to Columns (2) and (3)
(8)-(9) Selected Loss Development Factors from Data in the 2017 MPM-PPIA Loss Reserve from Streff Applied to Columns (2) and (3)
(10) Selected Ultimate Loss Based on Columns (4) through (9)
(11) = (3) - (2)
(12) = (10) - (3)
(13) From PSIC Extended Reporting Reserves Actuarial Report as of December 31, 2018 by Dustin Gary
(14) = (11) + (12) + (13)
(15) From PSIC 2018 Annual Statement Schedule P Part 1
(15) = (15) - (14)
(17)-(18) From Loss Runs
(19) = (17) + (18)

Physicians Standard Insurance Company
Reserve Analysis
Current PSIC Insured Net Paid Loss Development
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid	Open MPM Claims	Open PPIA Claims	Total Open
2003	0	1.000	0	0	0	0	0	0	0
2004	0	1.000	0	0	0	0	0	0	0
2005	0	1.000	0	0	0	0	0	0	0
2006	0	1.000	0	0	0	0	0	0	0
2007	0	1.000	0	0	0	0	0	0	0
2008	0	1.001	0	0	0	0	0	0	0
2009	0	1.001	0	0	0	0	0	0	0
2010	0	1.015	0	0	0	0	0	0	0
2011	20,888,000	1.016	20,888,000	0	0	0	0	0	0
2012	10,480,000	1.017	10,480,000	0	0	0	0	0	0
2013	11,250,000	1.027	11,250,000	0	0	0	0	0	0
2014	5,794,000	1.027	5,794,000	0	0	0	0	0	0
2015	1,484,000	1.108	1,643,731	10,000	149,731	159,731	1	0	1
2016	424,000	1.336	566,316	87,000	55,316	142,316	1	0	1
2017	-73,000	2.679	-73,000	0	0	0	0	0	0
2018	608,000	8.180	4,973,455	440,000	3,925,455	4,365,455	27	0	27
Total	50,855,000		55,522,503	537,000	4,130,503	4,667,503	29	0	29
Total 2015 to 2018	2,443,000		7,110,503	537,000	4,130,503	4,667,503	29	0	29

Physicians Standard Insurance Company
Reserve Analysis
Current PSIC Insured Net Paid Link Ratios
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 2

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.089		
2005											1.002	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.002	1.005	1.000						
2009							0.980	1.001	1.028							
2010						1.000	1.000	1.000								
2011					0.984	1.010	1.030									
2012				1.184	1.001	1.023										
2013			1.081	1.096	1.000											
2014		2.415	1.209	1.009												
2015	3.710	1.590	1.475													
2016	2.530	1.824														
2017	2.876															
VOL WTD 2	2.697	1.682	1.298	1.052	1.000	1.015	1.017	1.001	1.019	1.000	1.000	1.000	1.000	1.077	1.000	
VOL WTD 3	3.054	2.006	1.206	1.078	0.994	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD 4	3.054	2.006	1.206	1.078	0.994	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD ALL	3.054	2.006	1.206	1.078	0.994	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.077	1.000	
ARITH 3	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH 4	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH ALL	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
3 YR X HI/LO	2.876	1.824	1.209	1.096	1.000	1.010	1.000	1.001	1.005	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.876	1.824	1.209	1.096	1.000	1.010	1.000	1.001	1.005	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	3.054	2.006	1.206	1.078	1.000	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	8.180	2.679	1.336	1.108	1.027	1.027	1.017	1.016	1.015	1.001	1.001	1.000	1.000	1.000	1.000	1.000
STREFF ULT 2017	8.413	2.589	1.458	1.144	1.064	1.023	1.008	1.003	1.000	1.000						

This compares what T&M and Streff did, except note that Streff ultimately dropped from 8.413 to 8.0, causing a decrease in the reserve calculation.

This shows data for both PSIC and MPM-PPIA

Physicians Standard Insurance Company
Reserve Analysis
Net Paid losses for Current PSIC Insureds from MPM and PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 3

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													364,769	364,769	364,769	364,769
2004												2,293,450	2,293,450	2,293,450	2,497,618	
2005											6,532,098	6,547,440	6,547,440	6,547,440		
2006										5,991,867	5,991,867	5,991,867	5,991,867			
2007									3,892,120	3,892,120	3,892,120	3,892,120				
2008								4,616,047	4,625,357	4,650,410	4,650,411					
2009							7,370,716	7,226,905	7,236,405	7,438,842						
2010						4,289,389	4,289,389	4,289,389	4,289,389							
2011					5,441,422	5,354,873	5,406,537	5,571,382								
2012				2,743,647	3,248,314	3,250,951	3,325,951									
2013			5,249,521	5,675,620	6,220,088	6,220,180										
2014		1,950,785	4,711,746	5,694,755	5,747,215											
2015	403,367	1,496,636	2,379,456	3,510,789												
2016	383,874	971,012	1,770,760													
2017	358,702	1,031,504														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Net Paid Losses for Current PSIC Insureds while Insured by PSIC or MPM
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 4

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													204,910	204,910	204,910	204,910
2004												1,780,291	1,780,291	1,780,291	1,984,459	
2005											5,372,775	5,372,775	5,372,775	5,372,775		
2006										3,435,281	3,435,281	3,435,281	3,435,281			
2007									2,076,718	2,076,718	2,076,718	2,076,718				
2008								4,099,405	4,108,715	4,133,768	4,133,769					
2009							6,369,748	6,225,937	6,235,437	6,435,177						
2010						2,470,707	2,470,707	2,470,707	2,470,707							
2011					4,591,759	4,505,210	4,556,874	4,721,719								
2012				2,059,916	2,405,817	2,408,454	2,483,454									
2013			4,626,428	4,816,142	5,360,610	5,360,702										
2014		1,240,921	2,112,227	3,095,236	3,147,497											
2015	218,260	714,718	1,597,538	2,887,257												
2016	366,976	954,114	1,753,862													
2017	358,702	1,031,504														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Net Paid Losses for Current PSIC Insureds while Insured by PSIC or PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 5

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003											159,859	159,859	159,859	159,859	159,859	159,859
2004										510,079	695,695	513,159	513,159	513,159	513,159	
2005									1,174,665	1,110,044	1,159,323	1,174,665	1,174,665	1,174,665		
2006								1,903,990	2,466,391	2,556,586	2,556,586	2,556,586	2,556,586			
2007							1,699,884	1,558,156	1,815,402	1,815,402	1,815,402	1,815,402				
2008						516,642	373,117	516,642	516,642	516,642	516,642					
2009					967,816	1,000,968	1,000,968	1,000,968	1,000,968	1,003,665						
2010				1,816,308	1,818,682	1,818,682	1,818,682	1,818,682	1,818,682							
2011			423,632	844,363	849,663	849,663	849,663	849,663								
2012		118,476	421,065	683,731	842,497	842,497	842,497									
2013	77,828	125,071	623,093	859,478	859,478	859,478										
2014	25,189	709,864	2,599,519	2,599,519	2,599,718											
2015	185,107	781,918	781,918	623,532												
2016	16,898	16,898	16,898													
2017	0	0														
2018	0															

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Loss Development
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid	Open MPM Claims	Open PPIA Claims	Total Open
2003	0	1.000	0	0	0	0	0	0	0
2004	0	1.000	0	0	0	0	0	0	0
2005	0	1.000	0	0	0	0	0	0	0
2006	0	1.000	0	0	0	0	0	0	0
2007	0	1.000	0	0	0	0	0	0	0
2008	0	1.001	0	0	0	0	0	0	0
2009	0	1.001	0	0	0	0	0	0	0
2010	0	1.014	0	0	0	0	0	0	0
2011	20,888,000	1.016	20,888,000	0	0	0	0	0	0
2012	10,480,000	1.017	10,480,000	0	0	0	0	0	0
2013	11,250,000	1.028	11,250,000	0	0	0	0	0	0
2014	5,794,000	1.021	5,794,000	0	0	0	0	0	0
2015	1,494,000	1.088	1,625,907	10,000	131,907	141,907	1	0	1
2016	511,000	1.236	631,745	87,000	120,745	207,745	1	0	1
2017	-73,000	2.070	-73,000	0	0	0	0	0	0
2018	1,048,000	3.915	4,102,580	440,000	3,054,580	3,494,580	27	0	27
Total	51,392,000		54,699,233	537,000	3,307,233	3,844,233	29	0	29
Total 2015 to 2018	2,980,000		6,287,233	537,000	3,307,233	3,844,233	29	0	29

Physicians Standard Insurance Company
Reserve Analysis
PSIC Net Incurred Link Ratios
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 7

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.089		
2005											1.002	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.002	1.003	1.000						
2009							0.980	1.003	1.027							
2010						1.000	1.000	1.000								
2011					0.984	1.012	1.030									
2012				1.166	0.998	1.023										
2013			1.029	1.075	1.000											
2014		1.737	1.105	1.007												
2015	2.038	1.532	1.434													
2016	1.588	1.713														
2017	2.071															
VOL WTD 2	1.805	1.608	1.214	1.041	0.999	1.016	1.017	1.002	1.017	1.000	1.000	1.000	1.000	1.077	1.000	
VOL WTD 3	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD 4	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD ALL	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.077	1.000	
ARITH 3	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH 4	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH ALL	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
3 YR X HI/LO	2.038	1.713	1.105	1.075	0.998	1.012	1.000	1.002	1.003	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.038	1.713	1.105	1.075	0.998	1.012	1.000	1.002	1.003	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	1.700	1.325	1.100	1.045	1.010	1.005	1.000	1.000	1.000	1.000						
T&M ULT	3.915	2.070	1.236	1.088	1.021	1.028	1.017	1.016	1.014	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Losses for Current PSIC Insureds Converted from MPM and PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 8

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													364,769	364,769	364,769	364,769
2004												2,293,450	2,293,450	2,293,450	2,497,618	
2005											6,532,098	6,547,440	6,547,440	6,547,440		
2006										5,991,867	5,991,867	5,991,867	5,991,867			
2007									3,892,120	3,892,120	3,892,120	3,892,120				
2008								4,626,047	4,635,357	4,650,410	4,650,411					
2009							7,370,716	7,226,905	7,246,405	7,438,842						
2010						4,289,389	4,289,389	4,289,389	4,289,389							
2011					5,441,422	5,354,873	5,416,537	5,581,382								
2012				2,793,647	3,258,314	3,250,951	3,325,951									
2013			5,621,068	5,785,620	6,220,088	6,220,180										
2014		2,978,813	5,175,495	5,719,754	5,757,214											
2015	817,197	1,665,407	2,551,727	3,658,201												
2016	760,541	1,207,679	2,069,093													
2017	618,702	1,281,504														
2018	1,165,959															

Physicians Standard Insurance Company

Reserve Analysis

Net Incurred Losses for Current PSIC Insureds while Insured by PSIC or MPM

Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 9

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													204,910	204,910	204,910	204,910
2004												1,780,291	1,780,291	1,780,291	1,984,459	
2005											5,372,775	5,372,775	5,372,775	5,372,775		
2006										3,435,281	3,435,281	3,435,281	3,435,281			
2007									2,076,718	2,076,718	2,076,718	2,076,718				
2008								4,109,405	4,118,715	4,133,768	4,133,769					
2009							6,369,748	6,225,937	6,245,437	6,435,177						
2010						2,470,707	2,470,707	2,470,707	2,470,707							
2011					4,591,759	4,505,210	4,566,874	4,731,719								
2012				2,109,916	2,415,817	2,408,454	2,483,454									
2013			4,886,428	4,926,142	5,360,610	5,360,702										
2014		1,812,796	2,575,976	3,120,235	3,157,496											
2015	458,260	859,718	1,755,038	3,017,257												
2016	743,643	1,190,781	2,052,195													
2017	618,702	1,281,504														
2018	1,145,959															

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Losses for Current PSIC Insureds while Insured by PSIC or PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 10

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003											159,859	159,859	159,859	159,859	159,859	159,859
2004										510,079	695,695	513,159	513,159	513,159	513,159	
2005									1,174,665	1,110,044	1,159,323	1,174,665	1,174,665	1,174,665		
2006								1,903,990	2,466,391	2,556,586	2,556,586	2,556,586	2,556,586			
2007							1,828,156	1,558,156	1,815,402	1,815,402	1,815,402	1,815,402				
2008						516,642	373,117	516,642	516,642	516,642	516,642					
2009					967,816	1,000,968	1,000,968	1,000,968	1,000,968	1,003,665						
2010				1,816,308	1,818,682	1,818,682	1,818,682	1,818,682	1,818,682							
2011			872,237	844,363	849,663	849,663	849,663	849,663								
2012		351,184	504,999	683,731	842,497	842,497	842,497									
2013	516,737	320,534	734,640	859,478	859,478	859,478										
2014	205,000	1,166,017	2,599,519	2,599,519	2,599,718											
2015	358,937	805,689	796,689	640,944												
2016	16,898	16,898	16,898													
2017	0	0														
2018	20,000															

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid Loss Development
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 11

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid	Open MPM Claims	Open PPIA Claims	Total Open
2003	0	1.000	0	0	0	0	0	0	0
2004	0	1.000	0	0	0	0	0	0	0
2005	0	1.000	0	0	0	0	0	0	0
2006	0	1.000	0	0	0	0	0	0	0
2007	0	1.000	0	0	0	0	0	0	0
2008	0	1.001	0	0	0	0	0	0	0
2009	0	1.001	0	0	0	0	0	0	0
2010	0	1.015	0	0	0	0	0	0	0
2011	23,665,000	1.016	23,665,000	0	0	0	0	0	0
2012	10,480,000	1.017	10,480,000	0	0	0	0	0	0
2013	11,775,000	1.027	11,775,000	0	0	0	0	0	0
2014	5,794,000	1.022	5,794,000	0	0	0	0	0	0
2015	1,484,000	1.101	1,634,490	10,000	140,490	150,490	1	0	1
2016	424,000	1.328	563,133	87,000	52,133	139,133	1	0	1
2017	-73,000	2.664	-73,000	0	0	0	0	0	0
2018	608,000	8.134	4,945,496	440,000	3,897,496	4,337,496	27	0	27
Total	54,157,000		58,784,119	537,000	4,090,119	4,627,119	29	0	29
Total 2015 to 2018	2,443,000		7,070,119	537,000	4,090,119	4,627,119			

Physicians Standard Insurance Company
Reserve Analysis
PSIC Gross Paid Link Ratios
Source of Data:Current 2018 PSIC Insureds Loss History

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.089		
2005											1.002	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.002	1.005	1.000						
2009							0.980	1.001	1.028							
2010						1.000	1.000	1.000								
2011					0.984	1.010	1.030									
2012				1.184	1.001	1.023										
2013			1.081	1.096	1.000											
2014		2.415	1.209	1.009												
2015	3.710	1.590	1.475													
2016	2.530	1.824														
2017	2.876															
VOL WTD 2	2.697	1.682	1.298	1.052	1.000	1.015	1.017	1.001	1.019	1.000	1.000	1.000	1.000	1.077	1.000	
VOL WTD 3	3.054	2.006	1.206	1.078	0.994	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD 4	4.756	3.194	1.428	1.464	1.282	1.581	1.272	1.308	1.426	1.395	1.125	1.023	1.000	1.077	1.000	
VOL WTD ALL	4.756	3.194	1.428	1.464	1.282	1.581	1.272	1.308	1.426	1.395	1.125	1.023	1.000	1.077	1.000	
ARITH 3	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH 4	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH ALL	3.039	1.943	1.255	1.096	0.995	1.011	1.004	1.001	1.011	1.000	1.001	1.000	1.000	1.045	1.000	
3 YR X HI/LO	2.876	1.824	1.209	1.096	1.000	1.010	1.000	1.001	1.005	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.876	1.824	1.209	1.096	1.000	1.010	1.000	1.001	1.005	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	3.054	2.006	1.206	1.078	0.994	1.010	1.001	1.001	1.014	1.000	1.001	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	8.134	2.664	1.328	1.101	1.022	1.027	1.017	1.016	1.015	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid losses for Current PSIC Insureds Converted from MPM and PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 13

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													364,769	364,769	364,769	364,769
2004												2,293,450	2,293,450	2,293,450	2,497,618	
2005											6,532,098	6,547,440	6,547,440	6,547,440		
2006										6,934,597	6,934,597	6,934,597	6,934,597			
2007									4,948,410	4,948,410	4,948,410	4,948,410				
2008								4,616,047	4,625,357	4,650,410	4,650,411					
2009							7,370,716	7,226,905	7,236,405	7,438,842						
2010						4,289,389	4,289,389	4,289,389	4,289,389							
2011					5,441,422	5,354,873	5,406,537	5,571,382								
2012				2,743,647	3,248,314	3,250,951	3,325,951									
2013			5,249,521	5,675,620	6,220,088	6,220,180										
2014		1,950,785	4,711,746	5,694,755	5,747,215											
2015	403,367	1,496,636	2,379,456	3,510,789												
2016	383,874	971,012	1,770,760													
2017	358,702	1,031,504														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid Losses for Current PSIC Insureds while Insured by PSIC or MPM
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 14

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													204,910	204,910	204,910	204,910
2004												1,780,291	1,780,291	1,780,291	1,984,459	
2005											5,372,775	5,372,775	5,372,775	5,372,775		
2006										3,435,281	3,435,281	3,435,281	3,435,281			
2007									2,076,718	2,076,718	2,076,718	2,076,718				
2008								4,099,405	4,108,715	4,133,768	4,133,769					
2009							6,369,748	6,225,937	6,235,437	6,435,177						
2010						2,470,707	2,470,707	2,470,707	2,470,707							
2011					4,591,759	4,505,210	4,556,874	4,721,719								
2012				2,059,916	2,405,817	2,408,454	2,483,454									
2013			4,626,428	4,816,142	5,360,610	5,360,702										
2014		1,240,921	2,112,227	3,095,236	3,147,497											
2015	218,260	714,718	1,597,538	2,887,257												
2016	366,976	954,114	1,753,862													
2017	358,702	1,031,504														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid Losses for Current PSIC Insureds while Insured by PSIC or PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 15

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003											159,859	159,859	159,859	159,859	159,859	159,859
2004										510,079	695,695	513,159	513,159	513,159	513,159	
2005									1,174,665	1,110,044	1,159,323	1,174,665	1,174,665	1,174,665		
2006								2,846,720	3,409,121	3,499,316	3,499,316	3,499,316	3,499,316			
2007							2,756,174	2,614,446	2,871,692	2,871,692	2,871,692	2,871,692				
2008						516,642	373,117	516,642	516,642	516,642	516,642					
2009					967,816	1,000,968	1,000,968	1,000,968	1,000,968	1,003,665						
2010				1,816,308	1,818,682	1,818,682	1,818,682	1,818,682	1,818,682							
2011			423,632	844,363	849,663	849,663	849,663	849,663								
2012		118,476	421,065	683,731	842,497	842,497	842,497									
2013	77,828	125,071	623,093	859,478	859,478	859,478										
2014	25,189	709,864	2,599,519	2,599,519	2,599,718											
2015	185,107	781,918	781,918	623,532												
2016	16,898	16,898	16,898													
2017	0	0														
2018	0															

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Loss Development
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid	Open MPM Claims	Open PPIA Claims	Total Open
2003	0	1.000	0	0	0	0	0	0	0
2004	0	1.000	0	0	0	0	0	0	0
2005	0	1.000	0	0	0	0	0	0	0
2006	0	1.000	0	0	0	0	0	0	0
2007	0	1.000	0	0	0	0	0	0	0
2008	0	1.001	0	0	0	0	0	0	0
2009	0	1.001	0	0	0	0	0	0	0
2010	0	1.014	0	0	0	0	0	0	0
2011	23,665,000	1.016	23,665,000	0	0	0	0	0	0
2012	10,480,000	1.017	10,480,000	0	0	0	0	0	0
2013	11,775,000	1.028	11,775,000	0	0	0	0	0	0
2014	5,794,000	1.021	5,794,000	0	0	0	0	0	0
2015	1,494,000	1.088	1,625,907	10,000	131,907	141,907	1	0	1
2016	511,000	1.236	631,745	87,000	120,745	207,745	1	0	1
2017	-73,000	2.070	-73,000	0	0	0	0	0	0
2018	1,048,000	3.915	4,102,580	440,000	3,054,580	3,494,580	27	0	27
Total	54,694,000		58,001,233	537,000	3,307,233	3,844,233	29	0	29
Total 2015 to 2018	2,980,000		6,287,233	537,000	3,307,233	3,844,233			

Physicians Standard Insurance Company
Reserve Analysis
PSIC Gross Incurred Link Ratios
Source of Data:Current 2018 PSIC Insureds Loss History

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.089		
2005											1.002	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.002	1.003	1.000						
2009							0.980	1.003	1.027							
2010						1.000	1.000	1.000								
2011					0.984	1.012	1.030									
2012				1.166	0.998	1.023										
2013			1.029	1.075	1.000											
2014		1.737	1.105	1.007												
2015	2.038	1.532	1.434													
2016	1.588	1.713														
2017	2.071															
VOL WTD 2	1.805	1.608	1.214	1.041	0.999	1.016	1.017	1.002	1.017	1.000	1.000	1.000	1.000	1.077	1.000	
VOL WTD 3	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.077	1.000	
VOL WTD 4	3.248	2.635	1.345	1.446	1.281	1.582	1.272	1.308	1.424	1.395	1.125	1.023	1.000	1.077	1.000	
VOL WTD ALL	3.248	2.635	1.345	1.446	1.281	1.582	1.272	1.308	1.424	1.395	1.125	1.023	1.000	1.077	1.000	
ARITH 3	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH 4	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
ARITH ALL	1.899	1.661	1.189	1.083	0.994	1.012	1.004	1.002	1.010	1.000	1.001	1.000	1.000	1.045	1.000	
3 YR X HI/LO	2.038	1.713	1.105	1.075	0.998	1.012	1.000	1.002	1.003	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.038	1.713	1.105	1.075	0.998	1.012	1.000	1.002	1.003	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	1.892	1.674	1.136	1.066	0.994	1.011	1.001	1.002	1.013	1.000	1.001	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	1.700	1.325	1.100	1.045	1.010	1.005	1.000	1.000	1.000	1.000						
T&M ULT	3.915	2.070	1.236	1.088	1.021	1.028	1.017	1.016	1.014	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Losses for Current PSIC Insureds Converted from MPM and PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													364,769	364,769	364,769	364,769
2004												2,293,450	2,293,450	2,293,450	2,497,618	
2005											6,532,098	6,547,440	6,547,440	6,547,440		
2006										6,934,597	6,934,597	6,934,597	6,934,597			
2007									4,948,410	4,948,410	4,948,410	4,948,410				
2008								4,626,047	4,635,357	4,650,410	4,650,411					
2009							7,370,716	7,226,905	7,246,405	7,438,842						
2010						4,289,389	4,289,389	4,289,389	4,289,389							
2011					5,441,422	5,354,873	5,416,537	5,581,382								
2012				2,793,647	3,258,314	3,250,951	3,325,951									
2013			5,621,068	5,785,620	6,220,088	6,220,180										
2014		2,978,813	5,175,495	5,719,754	5,757,214											
2015	817,197	1,665,407	2,551,727	3,658,201												
2016	760,541	1,207,679	2,069,093													
2017	618,702	1,281,504														
2018	1,165,959															

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Losses for Current PSIC Insureds while Insured by PSIC or MPM
Source of Data:Current 2018 PSIC Insureds Loss History

PSIC Exhibit 19

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													204,910	204,910	204,910	204,910
2004												1,780,291	1,780,291	1,780,291	1,984,459	
2005											5,372,775	5,372,775	5,372,775	5,372,775		
2006										3,435,281	3,435,281	3,435,281	3,435,281			
2007									2,076,718	2,076,718	2,076,718	2,076,718				
2008								4,109,405	4,118,715	4,133,768	4,133,769					
2009							6,369,748	6,225,937	6,245,437	6,435,177						
2010						2,470,707	2,470,707	2,470,707	2,470,707							
2011					4,591,759	4,505,210	4,566,874	4,731,719								
2012				2,109,916	2,415,817	2,408,454	2,483,454									
2013			4,886,428	4,926,142	5,360,610	5,360,702										
2014		1,812,796	2,575,976	3,120,235	3,157,496											
2015	458,260	859,718	1,755,038	3,017,257												
2016	743,643	1,190,781	2,052,195													
2017	618,702	1,281,504														
2018	1,145,959															

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Losses for Current PSIC Insureds while Insured by PSIC or PPIA
Source of Data:Current 2018 PSIC Insureds Loss History

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003											159,859	159,859	159,859	159,859	159,859	159,859
2004										510,079	695,695	513,159	513,159	513,159	513,159	
2005									1,174,665	1,110,044	1,159,323	1,174,665	1,174,665	1,174,665		
2006								2,846,720	3,409,121	3,499,316	3,499,316	3,499,316	3,499,316			
2007							2,884,446	2,614,446	2,871,692	2,871,692	2,871,692	2,871,692				
2008						516,642	373,117	516,642	516,642	516,642	516,642					
2009					967,816	1,000,968	1,000,968	1,000,968	1,000,968	1,003,665						
2010				1,816,308	1,818,682	1,818,682	1,818,682	1,818,682	1,818,682							
2011			872,237	844,363	849,663	849,663	849,663	849,663								
2012		351,184	504,999	683,731	842,497	842,497	842,497									
2013	516,737	320,534	734,640	859,478	859,478	859,478										
2014	205,000	1,166,017	2,599,519	2,599,519	2,599,718											
2015	358,937	805,689	796,689	640,944												
2016	16,898	16,898	16,898													
2017	0	0														
2018	20,000															

Physicians Standard Insurance Company

Reserve Analysis

Net Paid Loss Development

Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 1

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid
2003	0	1.000	0	0	0	0
2004	0	1.000	0	0	0	0
2005	0	1.000	0	0	0	0
2006	0	1.000	0	0	0	0
2007	0	1.000	0	0	0	0
2008	0	1.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.006	0	0	0	0
2011	20,888,000	1.019	20,888,000	0	0	0
2012	10,480,000	1.025	10,480,000	0	0	0
2013	11,250,000	1.062	11,250,000	0	0	0
2014	5,794,000	1.082	5,794,000	0	0	0
2015	1,484,000	1.161	1,723,348	10,000	229,348	239,348
2016	424,000	1.467	621,882	87,000	110,882	197,882
2017	-73,000	2.683	-73,000	0	0	0
2018	608,000	8.092	4,919,695	440,000	3,871,695	4,311,695
Total	50,855,000		55,603,926	537,000	4,211,926	4,748,926
Total 2015 to 2018	2,443,000		7,191,926	537,000	4,211,926	4,748,926

Physicians Standard Insurance Company
Reserve Analysis
MPMPPIA Net Paid Link Ratios
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 2

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.000		
2005											1.000	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.001	1.013	1.000						
2009							0.995	1.000	1.007							
2010						1.070	1.010	1.031								
2011					1.017	1.011	1.012									
2012				1.075	1.041	1.016										
2013			1.124	1.084	1.003											
2014		2.116	1.417	1.058												
2015	3.145	1.595	1.366													
2016	2.655	1.686														
2017	3.215															
VOL WTD 2	2.896	1.626	1.396	1.073	1.021	1.013	1.011	1.017	1.010	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 3	3.016	1.829	1.263	1.073	1.019	1.036	1.006	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 4	3.016	1.829	1.263	1.073	1.019	1.036	1.006	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD ALL	3.016	1.829	1.263	1.073	1.019	1.036	1.006	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 3	3.005	1.799	1.302	1.072	1.020	1.032	1.006	1.011	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 4	3.005	1.799	1.302	1.072	1.020	1.032	1.006	1.011	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH ALL	3.005	1.799	1.302	1.072	1.020	1.032	1.006	1.011	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
3 YR X HI/LO	3.145	1.686	1.366	1.075	1.017	1.016	1.010	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	3.145	1.686	1.366	1.075	1.017	1.016	1.010	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	3.016	1.829	1.263	1.073	1.019	1.036	1.006	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	8.092	2.683	1.467	1.161	1.082	1.062	1.025	1.019	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Net Paid losses for MPMPPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 3

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,838,437	3,838,437	3,838,437	3,838,437
2004												23,623,885	23,623,885	23,623,885	23,623,886	
2005											41,466,762	41,466,762	41,466,762	41,466,763		
2006										18,641,677	18,641,677	18,641,677	18,641,677			
2007									28,176,441	28,176,441	28,176,441	28,176,441				
2008								21,487,498	21,502,670	21,786,434	21,786,435					
2009							27,830,189	27,686,525	27,696,025	27,895,618						
2010						28,796,021	30,819,475	31,125,616	32,105,095							
2011					27,211,887	27,662,515	27,964,600	28,302,876								
2012				12,892,635	13,857,279	14,420,517	14,652,566									
2013			12,764,600	14,346,514	15,557,248	15,606,906										
2014		3,733,429	7,900,289	11,193,073	11,842,428											
2015	1,107,067	3,481,488	5,552,024	7,584,597												
2016	675,148	1,792,623	3,021,726													
2017	511,093	1,643,258														
2018	616,540															

Physicians Standard Insurance Company
Reserve Analysis
Net Paid Losses for MPM
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 4

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,678,578	3,678,578	3,678,578	3,678,578
2004												18,621,944	18,621,944	18,621,944	18,621,945	
2005											36,475,287	36,475,287	36,475,287	36,475,288		
2006										12,661,506	12,661,506	12,661,506	12,661,506			
2007									22,599,343	22,599,343	22,599,343	22,599,343				
2008								18,142,971	18,158,143	18,441,907	18,441,908					
2009							24,446,016	24,302,352	24,311,852	24,511,445						
2010						23,060,155	24,988,494	24,996,873	25,974,848							
2011					21,969,652	22,255,117	22,556,583	22,894,859								
2012				8,507,534	9,391,559	9,953,621	10,185,670									
2013			10,199,143	11,135,928	11,969,637	12,019,295										
2014		2,616,494	5,856,057	7,396,872	7,911,250											
2015	835,690	3,023,206	4,468,130	6,246,245												
2016	667,673	1,770,329	2,999,057													
2017	450,621	1,369,438														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Net Paid Losses for PPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													159,859	159,859	159,859	159,859
2004												5,001,941	5,001,941	5,001,941	5,001,941	
2005											4,991,475	4,991,475	4,991,475	4,991,475		
2006										5,980,171	5,980,171	5,980,171	5,980,171			
2007									5,577,098	5,577,098	5,577,098	5,577,098				
2008								3,344,527	3,344,527	3,344,527	3,344,527					
2009							3,384,173	3,384,173	3,384,173	3,384,173						
2010						5,735,866	5,830,981	6,128,743	6,130,247							
2011					5,242,235	5,407,398	5,408,017	5,408,017								
2012				4,385,101	4,465,720	4,466,896	4,466,896									
2013			2,565,457	3,210,586	3,587,611	3,587,611										
2014		1,116,935	2,044,232	3,796,201	3,931,178											
2015	271,377	458,282	1,083,894	1,338,352												
2016	7,475	22,294	22,669													
2017	60,472	273,820														
2018	582															

Physicians Standard Insurance Company

Reserve Analysis
Net Incurred Loss Development
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid
2003	0	1.000	0	0	0	0
2004	0	1.000	0	0	0	0
2005	0	1.000	0	0	0	0
2006	0	1.000	0	0	0	0
2007	0	1.000	0	0	0	0
2008	0	1.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.006	0	0	0	0
2011	20,888,000	1.018	20,888,000	0	0	0
2012	10,480,000	1.020	10,480,000	0	0	0
2013	11,250,000	1.048	11,250,000	0	0	0
2014	5,794,000	1.059	5,794,000	0	0	0
2015	1,494,000	1.116	1,667,114	10,000	173,114	183,114
2016	511,000	1.313	670,955	87,000	159,955	246,955
2017	-73,000	2.266	-73,000	0	0	0
2018	1,048,000	4.732	4,959,536	440,000	3,911,536	4,351,536
Total	51,392,000		55,636,606	537,000	4,244,606	4,781,606
Total 2015 to 2018	2,980,000		7,224,606	537,000	4,244,606	4,781,606

Physicians Standard Insurance Company
Reserve Analysis
MPMPPIA Net Incurred Link Ratios
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 7

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.000		
2005											1.000	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.001	1.012	1.000						
2009							0.995	1.001	1.007							
2010						1.055	0.998	1.031								
2011					1.003	1.010	1.012									
2012				1.055	1.019	1.002										
2013			1.100	1.063	1.017											
2014		2.031	1.174	1.040												
2015	2.476	1.467	1.353													
2016	1.518	1.524														
2017	2.293															
VOL WTD 2	1.827	1.487	1.241	1.053	1.018	1.007	1.005	1.017	1.009	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 3	2.089	1.726	1.177	1.054	1.011	1.027	1.002	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 4	2.089	1.726	1.177	1.054	1.011	1.027	1.002	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD ALL	2.089	1.726	1.177	1.054	1.011	1.027	1.002	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 3	2.096	1.674	1.209	1.053	1.013	1.022	1.002	1.011	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 4	2.096	1.674	1.209	1.053	1.013	1.022	1.002	1.011	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH ALL	2.096	1.674	1.209	1.053	1.013	1.022	1.002	1.011	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
3 YR X HI/LO	2.293	1.524	1.174	1.055	1.017	1.010	0.998	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.293	1.524	1.174	1.055	1.017	1.010	0.998	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	2.089	1.726	1.177	1.054	1.011	1.027	1.002	1.013	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	4.732	2.266	1.313	1.116	1.059	1.048	1.020	1.018	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Losses for MPMPPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 8

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,838,437	3,838,437	3,838,437	3,838,437
2004												23,623,885	23,623,885	23,623,885	23,623,886	
2005											41,466,762	41,466,762	41,466,762	41,466,763		
2006										18,641,677	18,641,677	18,641,677	18,641,677			
2007									28,176,441	28,176,441	28,176,441	28,176,441				
2008								21,517,498	21,532,670	21,786,434	21,786,435					
2009							27,830,189	27,686,525	27,706,025	27,895,618						
2010						29,556,021	31,194,451	31,135,616	32,115,095							
2011					27,611,887	27,702,515	27,974,600	28,312,876								
2012				13,606,385	14,356,029	14,630,517	14,662,566									
2013			13,298,350	14,632,456	15,557,248	15,826,905										
2014		4,882,804	9,918,014	11,640,951	12,102,918											
2015	1,634,317	4,046,603	5,937,465	8,031,264												
2016	1,457,182	2,212,624	3,371,726													
2017	965,621	2,214,478														
2018	2,768,207															

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Losses for MPM
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 9

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,678,578	3,678,578	3,678,578	3,678,578
2004												18,621,944	18,621,944	18,621,944	18,621,945	
2005											36,475,287	36,475,287	36,475,287	36,475,288		
2006										12,661,506	12,661,506	12,661,506	12,661,506			
2007									22,599,343	22,599,343	22,599,343	22,599,343				
2008								18,172,971	18,188,143	18,441,907	18,441,908					
2009							24,446,016	24,302,352	24,321,852	24,511,445						
2010						23,820,155	24,998,494	25,006,873	25,984,848							
2011					22,369,652	22,295,117	22,566,583	22,904,859								
2012				9,221,284	9,890,309	10,163,621	10,195,670									
2013			10,732,893	11,355,928	11,969,637	12,239,294										
2014		3,765,869	6,691,681	7,731,871	8,121,250											
2015	1,362,940	3,370,456	4,808,130	6,692,912												
2016	1,407,674	2,190,330	3,349,057													
2017	840,621	1,899,439														
2018	2,402,625															

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Losses for PPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 10

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													159,859	159,859	159,859	159,859
2004												5,001,941	5,001,941	5,001,941	5,001,941	
2005											4,991,475	4,991,475	4,991,475	4,991,475		
2006										5,980,171	5,980,171	5,980,171	5,980,171			
2007									5,577,098	5,577,098	5,577,098	5,577,098				
2008								3,344,527	3,344,527	3,344,527	3,344,527					
2009							3,384,173	3,384,173	3,384,173	3,384,173						
2010						5,735,866	6,195,957	6,128,743	6,130,247							
2011					5,242,235	5,407,398	5,408,017	5,408,017								
2012				4,385,101	4,465,720	4,466,896	4,466,896									
2013			2,565,457	3,276,528	3,587,611	3,587,611										
2014		1,116,935	3,226,333	3,909,080	3,981,668											
2015	271,377	676,147	1,129,335	1,338,352												
2016	49,508	22,294	22,669													
2017	125,000	315,039														
2018	365,582															

Physicians Standard Insurance Company

MPMPPIA Exhibit 11

Reserve Analysis

Gross Paid Loss Development

Source of Data: MPM-PPIA Loss Runs as of 12/31/18

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid
2003	0	1.000	0	0	0	0
2004	0	1.000	0	0	0	0
2005	0	1.000	0	0	0	0
2006	0	1.000	0	0	0	0
2007	0	1.000	0	0	0	0
2008	0	1.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.006	0	0	0	0
2011	23,665,000	1.018	23,665,000	0	0	0
2012	10,480,000	1.023	10,480,000	0	0	0
2013	11,775,000	1.057	11,775,000	0	0	0
2014	5,794,000	1.076	5,794,000	0	0	0
2015	1,484,000	1.152	1,710,079	10,000	216,079	226,079
2016	424,000	1.448	614,162	87,000	103,162	190,162
2017	-73,000	2.616	-73,000	0	0	0
2018	608,000	7.891	4,797,525	440,000	3,749,525	4,189,525
Total	54,157,000		58,762,766	537,000	4,068,766	4,605,766
Total 2015 to 2018	2,443,000		7,048,766	537,000	4,068,766	4,605,766

Physicians Standard Insurance Company
Reserve Analysis
MPMPPIA Gross Paid Link Ratios
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 12

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.000		
2005											1.000	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.001	1.013	1.000						
2009							0.995	1.000	1.007							
2010						1.062	1.009	1.028								
2011					1.015	1.010	1.011									
2012				1.071	1.039	1.015										
2013			1.120	1.082	1.003											
2014		2.043	1.403	1.057												
2015	3.145	1.595	1.366													
2016	2.655	1.686														
2017	3.215															
VOL WTD 2	2.896	1.626	1.388	1.071	1.020	1.012	1.010	1.015	1.009	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 3	3.016	1.806	1.257	1.071	1.018	1.033	1.005	1.012	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 4	3.016	1.806	1.257	1.071	1.018	1.033	1.005	1.012	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD ALL	3.016	1.806	1.257	1.071	1.018	1.033	1.005	1.012	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 3	3.005	1.774	1.297	1.070	1.019	1.029	1.005	1.010	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 4	3.005	1.774	1.297	1.070	1.019	1.029	1.005	1.010	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH ALL	3.005	1.774	1.297	1.070	1.019	1.029	1.005	1.010	1.007	1.000	1.000	1.000	1.000	1.000	1.000	
3 YR X HI/LO	3.145	1.686	1.366	1.071	1.015	1.015	1.009	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	3.145	1.686	1.366	1.071	1.015	1.015	1.009	1.001	1.007	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	3.016	1.806	1.257	1.071	1.018	1.033	1.005	1.012	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	7.891	2.616	1.448	1.152	1.076	1.057	1.023	1.018	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid losses for MPMPPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 13

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,838,437	3,838,437	3,838,437	3,838,437
2004												23,623,885	23,623,885	23,623,885	23,623,886	
2005											41,466,762	41,466,762	41,466,762	41,466,763		
2006										19,703,585	19,703,585	19,703,585	19,703,585			
2007									29,232,731	29,232,731	29,232,731	29,232,731				
2008								21,576,945	21,592,117	21,875,881	21,875,882					
2009							30,298,272	30,154,608	30,164,108	30,363,701						
2010						32,552,834	34,576,288	34,882,429	35,861,908							
2011					29,990,180	30,440,807	30,742,892	31,081,168								
2012				13,530,862	14,495,506	15,058,744	15,290,793									
2013			13,177,564	14,759,479	15,970,212	16,019,870										
2014		3,994,690	8,161,550	11,454,334	12,103,689											
2015	1,107,067	3,481,488	5,552,024	7,584,597												
2016	675,148	1,792,623	3,021,726													
2017	511,093	1,643,258														
2018	616,540															

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid Losses for MPM
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,678,578	3,678,578	3,678,578	3,678,578
2004												18,621,944	18,621,944	18,621,944	18,621,945	
2005											36,475,287	36,475,287	36,475,287	36,475,288		
2006										12,661,506	12,661,506	12,661,506	12,661,506			
2007									22,599,343	22,599,343	22,599,343	22,599,343				
2008								18,232,418	18,247,590	18,531,354	18,531,355					
2009							26,914,099	26,770,435	26,779,935	26,979,528						
2010						26,586,346	28,514,685	28,523,064	29,501,039							
2011					24,102,229	24,387,694	24,689,160	25,027,436								
2012				8,507,534	9,391,559	9,953,621	10,185,670									
2013			10,287,682	11,224,467	12,058,176	12,107,834										
2014		2,877,755	6,117,318	7,658,133	8,172,511											
2015	835,690	3,023,206	4,468,130	6,246,245												
2016	667,673	1,770,329	2,999,057													
2017	450,621	1,369,438														
2018	615,958															

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid Losses for PPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													159,859	159,859	159,859	159,859
2004												5,001,941	5,001,941	5,001,941	5,001,941	
2005											4,991,475	4,991,475	4,991,475	4,991,475		
2006										7,042,079	7,042,079	7,042,079	7,042,079			
2007									6,633,388	6,633,388	6,633,388	6,633,388				
2008								3,344,527	3,344,527	3,344,527	3,344,527					
2009							3,384,173	3,384,173	3,384,173	3,384,173						
2010						5,966,488	6,061,603	6,359,365	6,360,869							
2011					5,887,950	6,053,113	6,053,732	6,053,732								
2012				5,023,328	5,103,947	5,105,123	5,105,123									
2013			2,889,882	3,535,012	3,912,036	3,912,036										
2014		1,116,935	2,044,232	3,796,201	3,931,178											
2015	271,377	458,282	1,083,894	1,338,352												
2016	7,475	22,294	22,669													
2017	60,472	273,820														
2018	582															

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Loss Development
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid
2003	0	1.000	0	0	0	0
2004	0	1.000	0	0	0	0
2005	0	1.000	0	0	0	0
2006	0	1.000	0	0	0	0
2007	0	1.000	0	0	0	0
2008	0	1.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.005	0	0	0	0
2011	23,665,000	1.017	23,665,000	0	0	0
2012	10,480,000	1.019	10,480,000	0	0	0
2013	11,775,000	1.044	11,775,000	0	0	0
2014	5,794,000	1.055	5,794,000	0	0	0
2015	1,494,000	1.109	1,657,139	10,000	163,139	173,139
2016	511,000	1.301	664,677	87,000	153,677	240,677
2017	-73,000	2.223	-73,000	0	0	0
2018	1,048,000	4.643	4,865,794	440,000	3,817,794	4,257,794
Total	54,694,000		58,828,609	537,000	4,134,609	4,671,609
Total 2015 to 2018	2,980,000		7,114,609	537,000	4,134,609	4,671,609

Physicians Standard Insurance Company
Reserve Analysis
MPMPPIA Gross Incurred Link Ratios
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 17

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	
2003													1.000	1.000	1.000	
2004												1.000	1.000	1.000		
2005											1.000	1.000	1.000			
2006										1.000	1.000	1.000				
2007									1.000	1.000	1.000					
2008								1.001	1.012	1.000						
2009							0.995	1.001	1.006							
2010						1.049	0.998	1.028								
2011					1.003	1.009	1.011									
2012				1.053	1.018	1.002										
2013			1.097	1.061	1.017											
2014		1.979	1.169	1.039												
2015	2.476	1.467	1.353													
2016	1.518	1.524														
2017	2.293															
VOL WTD 2	1.827	1.487	1.237	1.051	1.018	1.007	1.004	1.015	1.009	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 3	2.089	1.709	1.173	1.052	1.010	1.025	1.001	1.012	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD 4	2.089	1.709	1.173	1.052	1.010	1.025	1.001	1.012	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
VOL WTD ALL	2.089	1.709	1.173	1.052	1.010	1.025	1.001	1.012	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 3	2.096	1.657	1.206	1.051	1.013	1.020	1.002	1.010	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH 4	2.096	1.657	1.206	1.051	1.013	1.020	1.002	1.010	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
ARITH ALL	2.096	1.657	1.206	1.051	1.013	1.020	1.002	1.010	1.006	1.000	1.000	1.000	1.000	1.000	1.000	
3 YR X HI/LO	2.293	1.524	1.169	1.053	1.017	1.009	0.998	1.001	1.006	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X HI/LO	2.293	1.524	1.169	1.053	1.017	1.009	0.998	1.001	1.006	1.000	1.000	1.000	1.000	NA	NA	
ALL YR X 2HI/LO	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Tail
T&M SELECTED	2.089	1.709	1.173	1.052	1.010	1.025	1.001	1.012	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000						
T&M ULT	4.643	2.223	1.301	1.109	1.055	1.044	1.019	1.017	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Losses for MPMPPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,838,437	3,838,437	3,838,437	3,838,437
2004												23,623,885	23,623,885	23,623,885	23,623,886	
2005											41,466,762	41,466,762	41,466,762	41,466,763		
2006										19,703,585	19,703,585	19,703,585	19,703,585			
2007									29,232,731	29,232,731	29,232,731	29,232,731				
2008								21,606,945	21,622,117	21,875,881	21,875,882					
2009							30,298,272	30,154,608	30,174,108	30,363,701						
2010						33,312,834	34,951,265	34,892,429	35,871,908							
2011					30,390,180	30,480,807	30,752,892	31,091,168								
2012				14,244,612	14,994,256	15,268,744	15,300,793									
2013			13,711,314	15,045,421	15,970,212	16,239,869										
2014		5,144,065	10,179,275	11,902,212	12,364,178											
2015	1,634,317	4,046,603	5,937,465	8,031,264												
2016	1,457,182	2,212,624	3,371,726													
2017	965,621	2,214,478														
2018	2,768,207															

Physicians Standard Insurance Company MPMPPIA Exhibit 19
Reserve Analysis
Gross Incurred Losses for MPM
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													3,678,578	3,678,578	3,678,578	3,678,578
2004												18,621,944	18,621,944	18,621,944	18,621,945	
2005											36,475,287	36,475,287	36,475,287	36,475,288		
2006										12,661,506	12,661,506	12,661,506	12,661,506			
2007									22,599,343	22,599,343	22,599,343	22,599,343				
2008								18,262,418	18,277,590	18,531,354	18,531,355					
2009							26,914,099	26,770,435	26,789,935	26,979,528						
2010						27,346,346	28,524,685	28,533,064	29,511,039							
2011					24,502,229	24,427,694	24,699,160	25,037,436								
2012				9,221,284	9,890,309	10,163,621	10,195,670									
2013			10,821,432	11,444,467	12,058,176	12,327,833										
2014		4,027,130	6,952,942	7,993,132	8,382,511											
2015	1,362,940	3,370,456	4,808,130	6,692,912												
2016	1,407,674	2,190,330	3,349,057													
2017	840,621	1,899,439														
2018	2,402,625															

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Losses for PPIA
Source of Data: MPM-PPIA Loss Runs as of 12/31/18

MPMPPIA Exhibit 20

RY	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
2003													159,859	159,859	159,859	159,859
2004												5,001,941	5,001,941	5,001,941	5,001,941	
2005											4,991,475	4,991,475	4,991,475	4,991,475		
2006										7,042,079	7,042,079	7,042,079	7,042,079			
2007									6,633,388	6,633,388	6,633,388	6,633,388				
2008								3,344,527	3,344,527	3,344,527	3,344,527					
2009							3,384,173	3,384,173	3,384,173	3,384,173						
2010						5,966,488	6,426,580	6,359,365	6,360,869							
2011					5,887,950	6,053,113	6,053,732	6,053,732								
2012				5,023,328	5,103,947	5,105,123	5,105,123									
2013			2,889,882	3,600,954	3,912,036	3,912,036										
2014		1,116,935	3,226,333	3,909,080	3,981,668											
2015	271,377	676,147	1,129,335	1,338,352												
2016	49,508	22,294	22,669													
2017	125,000	315,039														
2018	365,582															

Physicians Standard Insurance Company
Reserve Analysis
Net Paid Loss Development
Source of Data: Streff 2017 MPM Report

Streff Exhibit 1

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid
2003	0	0.000	0	0	0	0
2004	0	0.000	0	0	0	0
2005	0	0.000	0	0	0	0
2006	0	0.000	0	0	0	0
2007	0	0.000	0	0	0	0
2008	0	0.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.001	0	0	0	0
2011	20,888,000	1.002	20,888,000	0	0	0
2012	10,480,000	1.007	10,480,000	0	0	0
2013	11,250,000	1.018	11,250,000	0	0	0
2014	5,794,000	1.059	5,794,000	0	0	0
2015	1,484,000	1.146	1,700,058	10,000	206,058	216,058
2016	424,000	1.456	617,399	87,000	106,399	193,399
2017	-73,000	2.704	-73,000	0	0	0
2018	608,000	8.784	5,340,491	440,000	4,292,491	4,732,491
Total	50,855,000		55,996,948	537,000	4,604,948	5,141,948

Shows T&M calculations using the data that Streff received.

Physicians Standard Insurance Company
Reserve Analysis
2017 MPMPPIA Net Paid Link Ratios
Source of Data: Streff 2017 MPM Report

Streff Exhibit 2

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
2003										
2004	4.738	1.992	1.398	1.075	1.034	1.008	1.002	1.001	1.003	
2005	5.120	2.457	1.250	1.121	1.026	1.003	1.010	1.000	1.000	
2006	4.015	2.223	1.530	1.055	1.105	1.005	1.004	1.001	1.000	
2007	3.855	1.670	1.173	1.070	1.040	1.011	1.020	1.007	0.992	
2008	2.869	1.566	1.255	1.087	1.040	1.022	1.012	1.001	1.013	
2009	3.519	2.195	1.146	1.085	1.068	1.005	1.001	1.000		
2010	3.417	1.887	1.268	1.093	1.045	1.031	0.998			
2011	4.346	1.726	1.346	1.057	1.024	1.010				
2012	3.100	1.647	1.276	1.061	1.031					
2013	3.455	1.608	1.133	1.087						
2014	5.006	2.348	1.432							
2015	3.191	1.812								
2016	2.654									
VOL WTD 2	2.971	2.110	1.243	1.074	1.027	1.021	0.999	1.001	1.001	
VOL WTD 3	3.625	1.817	1.255	1.066	1.034	1.016	1.003	1.003	1.001	
VOL WTD 4	3.533	1.758	1.290	1.074	1.043	1.017	1.007	1.003	1.000	
VOL WTD 5	3.381	1.746	1.284	1.077	1.042	1.016	1.007	1.002	1.001	
VOL WTD 7	3.600	1.857	1.253	1.077	1.048	1.012	1.007	1.002	1.001	
VOL WTD ALL	3.743	1.900	1.271	1.082	1.043	1.012	1.007	1.002	1.001	
ARITH 3	3.617	1.923	1.280	1.068	1.034	1.015	1.004	1.003	1.002	
ARITH 4	3.577	1.854	1.297	1.075	1.042	1.017	1.008	1.002	1.001	
ARITH 5	3.481	1.828	1.291	1.077	1.042	1.016	1.007	1.002	1.002	
ARITH 7	3.596	1.889	1.265	1.077	1.050	1.012	1.007	1.002	1.002	
ARITH ALL	3.791	1.928	1.292	1.079	1.046	1.012	1.007	1.002	1.002	
3 YR X HI/LO	3.191	1.812	1.276	1.061	1.031	1.010	1.001	1.001	1.000	
5 YR X HI/LO	3.249	1.728	1.296	1.078	1.039	1.014	1.006	1.001	1.001	
ALL YR X HI/LO	3.774	1.911	1.283	1.077	1.040	1.010	1.006	1.001	1.001	
5 YR X 2HI/LO	3.191	1.726	1.276	1.085	1.040	1.011	1.004	1.001	1.000	
ALL YR X 2HI/LO	3.737	1.894	1.281	1.077	1.038	1.009	1.005	1.001	1.000	Tail
T&M SELECTED	3.249	1.857	1.271	1.082	1.040	1.012	1.005	1.001	1.001	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	
T&M ULT	8.784	2.704	1.456	1.146	1.059	1.018	1.007	1.002	1.001	1.000

Physicians Standard Insurance Company
Reserve Analysis
Net Paid losses for 2017 MPMPPIA
Source of Data: Streff 2017 MPM Report

Streff Exhibit 3

RY	12	24	36	48	60	72	84	96	108	120
2003										
2004	1,545	7,320	14,584	20,392	21,920	22,661	22,841	22,881	22,895	22,955
2005	2,124	10,875	26,718	33,406	37,450	38,413	38,511	38,880	38,877	38,877
2006	1,156	4,641	10,318	15,786	16,658	18,405	18,494	18,560	18,586	18,586
2007	3,253	12,539	20,943	24,575	26,300	27,341	27,641	28,206	28,394	28,159
2008	3,195	9,168	14,358	18,015	19,588	20,372	20,814	21,058	21,072	21,356
2009	2,703	9,513	20,878	23,928	25,951	27,715	27,850	27,884	27,896	
2010	3,126	10,683	20,164	25,560	27,935	29,189	30,102	30,032		
2011	2,676	11,630	20,069	27,004	28,555	29,252	29,551			
2012	2,282	7,075	11,650	14,861	15,763	16,255				
2013	2,266	7,830	12,591	14,271	15,517					
2014	621	3,109	7,299	10,451						
2015	776	2,476	4,486							
2016	537	1,425								
2017	553									

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred Loss Development
Source of Data: Streff 2017 MPM Report

Streff Exhibit 4

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid
2003	0	0.000	0	0	0	0
2004	0	0.000	0	0	0	0
2005	0	0.000	0	0	0	0
2006	0	0.000	0	0	0	0
2007	0	0.000	0	0	0	0
2008	0	0.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.000	0	0	0	0
2011	20,888,000	1.000	20,888,000	0	0	0
2012	10,480,000	1.001	10,480,000	0	0	0
2013	11,250,000	1.007	11,250,000	0	0	0
2014	5,794,000	1.020	5,794,000	0	0	0
2015	1,494,000	1.067	1,594,018	10,000	90,018	100,018
2016	511,000	1.185	605,483	87,000	7,483	94,483
2017	-73,000	1.655	-73,000	0	0	0
2018	1,048,000	2.629	2,755,394	440,000	1,267,394	1,707,394
Total	51,392,000		53,293,894	537,000	1,364,894	1,901,894

Physicians Standard Insurance Company
Reserve Analysis
2017 MPMPPIA Net Incurred Link Ratios
Source of Data: Streff 2017 MPM Report

Streff Exhibit 5

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	Tail
2003										
2004	1.462	1.249	1.063	0.986	0.985	1.006	1.002	0.989	0.998	
2005	1.676	1.102	1.017	1.003	0.997	1.005	1.001	1.000	1.000	
2006	1.896	1.325	1.126	1.045	1.030	1.003	1.004	1.001	1.000	
2007	2.388	1.103	1.052	0.982	0.994	1.011	1.016	1.007	0.992	
2008	1.413	1.269	1.020	1.024	1.019	1.009	1.003	1.001	1.012	
2009	1.850	1.361	0.912	1.061	1.007	1.005	1.001	1.000		
2010	1.804	1.083	1.127	1.040	1.024	1.005	0.986			
2011	1.690	1.088	1.070	1.030	1.009	1.009				
2012	1.504	1.174	1.111	1.040	1.014					
2013	1.425	1.125	1.074	1.067						
2014	1.836	1.990	1.147							
2015	2.306	1.526								
2016	1.336									
VOL WTD 2	1.825	1.807	1.104	1.053	1.011	1.007	0.993	1.001	1.000	
VOL WTD 3	1.830	1.397	1.107	1.042	1.016	1.006	0.996	1.003	1.000	
VOL WTD 4	1.583	1.314	1.092	1.041	1.014	1.007	1.001	1.003	1.000	
VOL WTD 5	1.554	1.217	1.102	1.046	1.014	1.008	1.001	1.002	1.000	
VOL WTD 7	1.659	1.216	1.051	1.032	1.013	1.007	1.001	1.000	1.000	
VOL WTD ALL	1.711	1.196	1.051	1.024	1.007	1.007	1.001	1.000	1.000	
ARITH 3	1.826	1.547	1.111	1.046	1.016	1.006	0.997	1.003	1.001	
ARITH 4	1.726	1.454	1.100	1.044	1.013	1.007	1.001	1.002	1.001	
ARITH 5	1.682	1.381	1.106	1.048	1.015	1.008	1.002	1.002	1.000	
ARITH 7	1.700	1.335	1.066	1.035	1.014	1.007	1.002	1.000	1.000	
ARITH ALL	1.737	1.283	1.065	1.028	1.009	1.007	1.002	1.000	1.000	
3 YR X HI/LO	1.836	1.526	1.111	1.040	1.014	1.005	1.001	1.001	1.000	
5 YR X HI/LO	1.588	1.275	1.104	1.047	1.014	1.008	1.003	1.001	0.999	
ALL YR X HI/LO	1.715	1.232	1.073	1.029	1.009	1.006	1.002	1.001	0.999	
5 YR X 2HI/LO	1.504	1.174	1.111	1.040	1.014	1.009	1.003	1.001	1.000	
ALL YR X 2HI/LO	1.683	1.213	1.074	1.030	1.009	1.006	1.002	1.001	1.000	
T&M SELECTED	1.588	1.397	1.111	1.046	1.013	1.007	1.001	1.000	1.000	1.000
STREFF SELECTED 2017	1.700	1.325	1.100	1.045	1.010	1.005	1.000	1.000	1.000	1.000
T&M ULT	2.629	1.655	1.185	1.067	1.020	1.007	1.001	1.000	1.000	1.000

Cut off - Streff ultimate number is 2.628

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred losses for 2017 MPMPPIA
Source of Data: Streff 2017 MPM Report

Streff Exhibit 6

RY	12	24	36	48	60	72	84	96	108	120
2003										
2004	12,245	17,907	22,360	23,776	23,449	23,102	23,232	23,277	23,012	22,956
2005	20,608	34,535	38,050	38,678	38,802	38,668	38,846	38,880	38,877	38,877
2006	6,056	11,485	15,215	17,132	17,910	18,440	18,494	18,560	18,586	18,586
2007	10,161	24,265	26,758	28,162	27,650	27,473	27,772	28,206	28,394	28,159
2008	10,919	15,424	19,567	19,967	20,439	20,830	21,024	21,088	21,102	21,356
2009	11,295	20,891	28,431	25,919	27,509	27,705	27,850	27,884	27,896	
2010	12,950	23,357	25,292	28,501	29,630	30,330	30,477	30,042		
2011	14,312	24,184	26,319	28,164	29,023	29,288	29,561			
2012	7,963	11,973	14,057	15,611	16,241	16,465				
2013	8,444	12,035	13,537	14,545	15,517					
2014	2,633	4,835	9,623	11,035						
2015	1,371	3,162	4,824							
2016	1,351	1,805								
2017	987									

Physicians Standard Insurance Company

Streff Exhibit 7

Reserve Analysis

Gross Paid Loss Development

Source of Data: Streff 2017 MPM Report

PSIC Ultimate Loss

RY	Paid To Date	LDF	Ultimate Paid	Case Reserve	IBNR	Total Unpaid
2003	0	0.000	0	0	0	0
2004	0	0.000	0	0	0	0
2005	0	0.000	0	0	0	0
2006	0	0.000	0	0	0	0
2007	0	0.000	0	0	0	0
2008	0	0.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.001	0	0	0	0
2011	23,665,000	1.001	23,665,000	0	0	0
2012	10,480,000	1.008	10,480,000	0	0	0
2013	11,775,000	1.025	11,775,000	0	0	0
2014	5,794,000	1.064	5,794,000	0	0	0
2015	1,484,000	1.155	1,713,558	10,000	219,558	229,558
2016	424,000	1.474	625,017	87,000	114,017	201,017
2017	-73,000	2.590	-73,000	0	0	0
2018	608,000	8.263	5,023,798	440,000	3,975,798	4,415,798
Total	54,157,000		59,003,373	537,000	4,309,373	4,846,373

Physicians Standard Insurance Company
Reserve Analysis
2017 MPMPPIA Gross Paid Link Ratios
Source of Data: Streff 2017 MPM Report

Streff Exhibit 8

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
2003										
2004	4.738	1.992	1.436	1.073	1.033	1.008	1.002	1.001	1.003	
2005	5.120	2.461	1.250	1.121	1.026	1.003	1.010	1.000	1.000	
2006	4.015	2.223	1.575	1.054	1.102	1.005	1.003	1.001	1.000	
2007	3.855	1.732	1.167	1.106	1.037	1.010	1.019	1.006	0.992	
2008	2.869	1.566	1.269	1.086	1.040	1.021	1.012	1.001	1.013	
2009	3.513	2.229	1.144	1.086	1.068	1.005	1.001	1.000		
2010	3.417	1.903	1.275	1.092	1.044	1.068	0.998			
2011	4.348	1.746	1.344	1.057	1.024	1.010				
2012	3.100	1.647	1.276	1.061	1.031					
2013	3.469	1.606	1.133	1.087						
2014	5.006	2.385	1.425							
2015	3.191	1.812								
2016	2.654									
VOL WTD 2	2.971	2.131	1.241	1.074	1.027	1.039	0.999	1.001	1.001	
VOL WTD 3	3.625	1.824	1.254	1.066	1.034	1.028	1.003	1.003	1.001	
VOL WTD 4	3.540	1.763	1.289	1.074	1.043	1.027	1.007	1.002	1.000	
VOL WTD 5	3.386	1.757	1.285	1.076	1.042	1.023	1.006	1.002	1.001	
VOL WTD 7	3.603	1.872	1.255	1.083	1.048	1.017	1.007	1.002	1.001	
VOL WTD ALL	3.743	1.917	1.277	1.085	1.042	1.016	1.007	1.002	1.001	
ARITH 3	3.617	1.934	1.278	1.068	1.033	1.028	1.004	1.002	1.002	
ARITH 4	3.580	1.862	1.294	1.074	1.042	1.026	1.007	1.002	1.001	
ARITH 5	3.484	1.839	1.291	1.076	1.041	1.023	1.007	1.002	1.002	
ARITH 7	3.598	1.904	1.267	1.082	1.049	1.017	1.006	1.002	1.002	
ARITH ALL	3.792	1.942	1.299	1.082	1.045	1.016	1.006	1.002	1.002	
3 YR X HI/LO	3.191	1.812	1.276	1.061	1.031	1.010	1.001	1.001	1.000	
5 YR X HI/LO	3.253	1.735	1.298	1.078	1.038	1.014	1.005	1.001	1.001	
ALL YR X HI/LO	3.775	1.927	1.287	1.081	1.040	1.010	1.006	1.001	1.001	
5 YR X 2HI/LO	3.191	1.746	1.276	1.086	1.040	1.010	1.003	1.001	1.000	
ALL YR X 2HI/LO	3.738	1.911	1.287	1.081	1.037	1.008	1.005	1.001	1.000	Tail
T&M SELECTED	3.191	1.757	1.277	1.085	1.038	1.016	1.007	1.001	1.001	1.000
STREFF SELECTED 2017	3.250	1.775	1.275	1.075	1.040	1.015	1.005	1.003	1.000	1.000
T&M ULT	8.263	2.590	1.474	1.155	1.064	1.025	1.008	1.001	1.001	1.000

Physicians Standard Insurance Company
Reserve Analysis
Gross Paid losses for 2017 MPMPPIA
Source of Data: Streff 2017 MPM Report

Streff Exhibit 9

RY	12	24	36	48	60	72	84	96	108	120
2003										
2004	1,545	7,320	14,584	20,938	22,466	23,207	23,387	23,427	23,441	23,501
2005	2,124	10,875	26,760	33,448	37,504	38,467	38,565	38,934	38,931	38,931
2006	1,156	4,641	10,318	16,250	17,122	18,869	18,958	19,024	19,050	19,050
2007	3,253	12,539	21,721	25,353	28,033	29,074	29,374	29,939	30,127	29,892
2008	3,195	9,168	14,358	18,217	19,790	20,574	21,016	21,260	21,274	21,558
2009	2,710	9,520	21,219	24,269	26,347	28,138	28,273	28,307	28,319	
2010	3,126	10,683	20,328	25,927	28,302	29,556	31,580	31,510		
2011	2,676	11,634	20,316	27,307	28,858	29,555	29,854			
2012	2,282	7,075	11,650	14,861	15,763	16,255				
2013	2,266	7,860	12,621	14,301	15,547					
2014	621	3,109	7,414	10,566						
2015	776	2,476	4,486							
2016	537	1,425								
2017	553									

Physicians Standard Insurance Company
Reserve Analysis
Gross Incurred Loss Development
Source of Data: Streff 2017 MPM Report

Streff Exhibit 10

PSIC Ultimate Loss

RY	Incurred To Date	LDF	Ultimate Incurred	Case Reserve	IBNR	Total Unpaid
2003	0	0.000	0	0	0	0
2004	0	0.000	0	0	0	0
2005	0	0.000	0	0	0	0
2006	0	0.000	0	0	0	0
2007	0	0.000	0	0	0	0
2008	0	0.000	0	0	0	0
2009	0	1.000	0	0	0	0
2010	0	1.000	0	0	0	0
2011	23,665,000	1.000	23,665,000	0	0	0
2012	10,480,000	1.002	10,480,000	0	0	0
2013	11,775,000	1.011	11,775,000	0	0	0
2014	5,794,000	1.024	5,794,000	0	0	0
2015	1,494,000	1.072	1,601,640	10,000	97,640	107,640
2016	511,000	1.186	606,046	87,000	8,046	95,046
2017	-73,000	1.452	-73,000	0	0	0
2018	1,048,000	2.484	2,603,419	440,000	1,115,419	1,555,419
Total	54,694,000		56,452,105	537,000	1,221,105	1,758,105

Physicians Standard Insurance Company
Reserve Analysis
2017 MPMPPIA Net Incurred Link Ratios
Source of Data: Streff 2017 MPM Report

Streff Exhibit 11

RY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
2003										
2004	1.462	1.249	1.088	0.987	0.986	1.005	1.002	0.989	0.998	
2005	1.676	1.103	1.016	1.004	0.997	1.005	1.001	1.000	1.000	
2006	1.896	1.325	1.156	1.044	1.029	1.003	1.003	1.001	1.000	
2007	2.388	1.135	1.051	1.015	0.994	1.010	1.015	1.006	0.992	
2008	1.413	1.269	1.031	1.023	1.019	1.009	1.003	1.001	1.012	
2009	1.849	1.377	0.913	1.063	1.008	1.005	1.001	1.000		
2010	1.804	1.090	1.134	1.039	1.023	1.041	0.986			
2011	1.690	1.098	1.072	1.030	1.009	1.009				
2012	1.504	1.174	1.111	1.040	1.014					
2013	1.429	1.124	1.074	1.067						
2014	1.836	2.014	1.145							
2015	2.306	1.526								
2016	1.336									
VOL WTD 2	1.825	1.821	1.104	1.053	1.011	1.025	0.993	1.001	1.000	
VOL WTD 3	1.830	1.402	1.106	1.042	1.016	1.019	0.996	1.003	1.000	
VOL WTD 4	1.585	1.317	1.092	1.041	1.014	1.017	1.001	1.002	1.000	
VOL WTD 5	1.555	1.223	1.104	1.046	1.015	1.016	1.001	1.002	1.000	
VOL WTD 7	1.660	1.224	1.054	1.038	1.013	1.012	1.001	1.000	1.000	
VOL WTD ALL	1.711	1.204	1.057	1.028	1.007	1.012	1.001	1.000	1.000	
ARITH 3	1.826	1.555	1.110	1.046	1.015	1.018	0.997	1.002	1.001	
ARITH 4	1.727	1.460	1.100	1.044	1.014	1.016	1.001	1.002	1.001	
ARITH 5	1.682	1.387	1.107	1.048	1.015	1.015	1.002	1.002	1.000	
ARITH 7	1.701	1.343	1.068	1.040	1.014	1.012	1.002	1.000	1.000	
ARITH ALL	1.738	1.290	1.072	1.031	1.009	1.011	1.002	1.000	1.000	
3 YR X HI/LO	1.836	1.526	1.111	1.040	1.014	1.009	1.001	1.001	1.000	
5 YR X HI/LO	1.590	1.275	1.106	1.047	1.014	1.010	1.003	1.001	0.999	
ALL YR X HI/LO	1.715	1.238	1.080	1.032	1.009	1.007	1.002	1.001	0.999	
5 YR X 2HI/LO	1.504	1.174	1.111	1.040	1.014	1.009	1.003	1.001	1.000	
ALL YR X 2HI/LO	1.683	1.219	1.080	1.032	1.009	1.007	1.002	1.001	1.000	Tail
T&M SELECTED	1.711	1.224	1.106	1.047	1.013	1.009	1.002	1.000	1.000	1.000
STREFF SELECTED 2017	1.700	1.325	1.100	1.045	1.010	1.005	1.000	1.000	1.000	1.000
T&M ULT	2.484	1.452	1.186	1.072	1.024	1.011	1.002	1.000	1.000	1.000

Physicians Standard Insurance Company
Reserve Analysis
Net Incurred losses for 2017 MPMPPIA
Source of Data: Streff 2017 MPM Report

Streff Exhibit 12

RY	12	24	36	48	60	72	84	96	108	120
2003										
2004	12,245	17,907	22,360	24,322	23,995	23,648	23,778	23,823	23,558	23,502
2005	20,608	34,535	38,092	38,720	38,856	38,722	38,900	38,934	38,931	38,931
2006	6,056	11,485	15,215	17,596	18,374	18,904	18,958	19,024	19,050	19,050
2007	10,161	24,265	27,536	28,940	29,383	29,206	29,505	29,939	30,127	29,892
2008	10,919	15,424	19,567	20,169	20,641	21,032	21,226	21,290	21,304	21,558
2009	11,302	20,898	28,772	26,260	27,905	28,128	28,273	28,307	28,319	
2010	12,950	23,357	25,456	28,868	29,997	30,697	31,955	31,520		
2011	14,312	24,188	26,566	28,467	29,326	29,591	29,864			
2012	7,963	11,973	14,057	15,611	16,241	16,465				
2013	8,444	12,065	13,567	14,575	15,547					
2014	2,633	4,835	9,738	11,150						
2015	1,371	3,162	4,824							
2016	1,351	1,805								
2017	987									

Physicians Standard Insurance Company
Reserve Analysis
Premium Deficiency Reserve Analysis

		Months											
	Total	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5
Percent Unpaid		100.00%	87.78%	62.67%	25.13%	9.72%	2.67%	2.67%	1.72%	1.59%	1.48%	0.10%	0.10%
Expected Loss & LAE	3,545,760	433,466	890,127	1,331,111	546,493	249,852	0	33,898	4,295	4,068	48,906	0	3,542
Discount Factor		0.9874	0.9629	0.9408	0.9181	0.8949	0.8716	0.8479	0.8245	0.8013	0.7783	0.7561	0.7347
Discounted Loss & LAE	3,338,963	428,022	857,071	1,252,341	501,717	223,601	0	28,744	3,541	3,260	38,064	0	2,602

(A) 5-Year Average Underwriting Expense	37.10%
(B) Unearned Premium Reserve	3,155,013
(C) Expenses on Unearned Premium Reserve = (A) x (B)	1,170,510
(D) Total Discounted Loss & LAE	3,338,963
(E) Total Discounted Loss, LAE and Unamortized Expenses = ((	4,509,473
(F) Premium Deficiency Reserve = (E) - (B)	1,354,460

Physicians Standard Insurance Company | PDR Exhibit 2
Reserve Analysis
Premium Deficiency Reserve Analysis

(A) Unearned Premium Reserve	3,155,013
(B) Expected Loss Ratio	112.4%
(C) Expected Losses on Unearned Premium = (A) x (B)	3,545,760

RY	Net Earned Premium	Net Ultimate Loss	Net Ultimate Loss Ratio
2003	0	0	
2004	0	0	
2005	0	0	
2006	0	0	
2007	0	0	
2008	0	0	
2009	0	0	
2010	14,000	0	0.0%
2011	16,131,000	20,888,000	129.5%
2012	15,780,000	10,480,000	66.4%
2013	8,583,000	11,250,000	131.1%
2014	8,739,000	5,794,000	66.3%
2015	593,000	1,709,029	288.2%
2016	342,000	703,963	205.8%
2017	165,000	84,000	50.9%
2018	3,765,000	4,614,525	122.6%
Total	54,112,000	55,523,518	102.6%

VOL WTD 2	119.6%
VOL WTD 3	126.5%
VOL WTD 4	146.2%
VOL WTD ALL	102.6%
VOL WTD ALL X LATEST	101.1%
ARITH 3	126.4%
ARITH 4	166.9%
ARITH ALL	132.6%
3 YR X HI/LO	122.6%
ALL YR X HI/LO	120.3%
ALL YR X 2HI/LO	112.4%
SELECTED ELR	112.4%

Daily Treasury Yield Curve from US Department of the Treasury

Duration	1 Mo	2 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
Duration in Years	0.08	0.17	0.25	0.50	1.00	2.00	3.00	5.00	7.00	10.00	20.00	30.00
Treasury Yield @ 12/31/18	2.44	2.45	2.45	2.56	2.63	2.48	2.46	2.51	2.59	2.69	2.87	3.02

Linearly Interpolated Treasury Yields

Duration	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5
Linearly Interpolated Treasury Yields	2.56%	2.56%	2.47%	2.47%	2.50%	2.53%	2.57%	2.61%	2.64%	2.67%	2.70%	2.72%	2.74%	2.75%	2.77%	2.79%
Discount Factor	0.9874	0.9629	0.9408	0.9181	0.8949	0.8716	0.8479	0.8245	0.8013	0.7783	0.7561	0.7347	0.7137	0.6931	0.6728	0.6529

EXHIBIT D

Seaver & Forck
CERTIFIED PUBLIC ACCOUNTANTS

July 31, 2019

Justin L. McFarland
Kansas Department of Insurance
420 SW 9th St.
Topeka, KS 66612

Re: Physicians Standard Insurance Co.

Dear Justin:

July 31, 2019 will be the end of the extension period for the annual audit of Physicians Standard Insurance Company, Inc. Due to issues related to the recent action related to the Company, we have been unable to complete the audit and comply with all generally accepted auditing standards. I am formally requesting an extension to the filing date of the audit report for the year ended December 31, 2018 of Physicians Standard Insurance Company, Inc. for a 30 day period as set out in Section 4 of the Kansas insurance Department's Policy and Procedure Requiring Annual Audited Financial Reports, dated November 30, 2016, as adopted by K.A.R. 40-1-37. Below are the reasons for the first requested extension:

1. On July 26, 2019 we received an actuarial report on loss reserves of Physicians Standard Insurance Company as of December 31, 2018. This report was prepared by Taylor & Mulder. Based on this actuarial report, loss reserves reported at December 31, 2018 by Physicians Standard Insurance Company should be increased by approximately 2,690,000.00. In addition, a premium deficiency reserve of approximately 1,345,000.00. These two items, if recorded on the financial statements, will result in a negative net capital position for Physicians Standard. If that occurs, our audit will need to reflect a going concern issue with related disclosures. As this has a very material impact on the company, we as auditors we are unable to issue an opinion without discussions with management and management generating a response to the going concern issue.

If additional information is needed, please let me know.

Sincerely,

Jamie Seaver, CPA

Ex. D

EXHIBIT E

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 2

VICKI SCHMIDT, COMMISSIONER OF INSURANCE, *In her Official Capacity,* Petitioner, vs. PHYSICIANS STANDARD INSURANCE COMPANY, Respondent.	)))))))))))))	Case No. 2019 CV 351

AFFIDAVIT OF KAMMCO REPRESENTATIVE

I, Jennifer Sherber, being duly sworn upon my oath, testify as follows:

1. I make this affidavit based on my personal knowledge, of my own free will, and without coercion or duress.

2. I am over 18 years of age and of sound mind and body.

3. I have been employed at KAMMCO since February 19, 2018, first as a Claims Manager and, beginning October 22, 2018, as the Director of Claims. Prior to joining KAMMCO, I served as a Staff Attorney at the Kansas Health Care Stabilization Fund from March 2007 to February 2018. I have twelve years of experience evaluating and setting reserves for medical malpractice claims.

4. The Kansas Insurance Commissioner, in her official capacity as the court-appointed Rehabilitator of Physicians Standard Insurance Company ("PSIC"), engaged KAMMCO as a consultant on various matters pertaining to PSIC, including analysis of pending claims, the adequacy of current reserves for such claims, and management of the claims.

5. Prior to the engagement, KAMMCO confirmed that it had it no interest in acquiring PSIC outright or in purchasing renewal rights with regard to PSIC's book of business. (KAMMCO has, however, confirmed that it would be willing to consider writing replacement coverage for the few Kansas-domiciled physicians insured through PSIC.)

6. One of the tasks that the Rehabilitator retained KAMMCO to do was to evaluate the current reserves of the company. Reserving is an estimate set by insurers to reflect the anticipated exposure on a claim. Reserving involves a thoughtful, well-reasoned evaluation of the claims and is traditionally based on the professional's experience, insurance industry custom, and practice. When estimating reserves, an insurance adjuster should use their best judgment and consider various factors including, but not limited to, the jurisdiction, the plaintiff's credibility as a witness, the plaintiff's attorney's ability and past verdict results, past jury verdicts and settlement values on similar claims, the type of injury and duration of any pain and suffering, sympathy, any egregious conduct or facts, and defense counsel's input and evaluation.

7. In forming my opinions, I reviewed PSIC's reserve policy set forth in the PSIC Claims Management Guidelines, the claims file for each of the pending claims, which included information on the facts and allegations of each case, the plaintiff's/plaintiffs' alleged damages and demand, insurance policy limits and any coverage issues, and defense counsel evaluation and settlement recommendation. I also applied my experience in evaluating and setting reserves in medical malpractice claims and insurance industry standards in setting reserves for Missouri and Kansas medical malpractice claims.

8. A common formula used in setting reserves involves identification of the likely damages and dividing it among the active defendants and then taking that result times the

likelihood of losing. We utilized this approach when we calculated the suggested reserves for PSIC's claims.

FURTHER AFFIANT SAYETH NOT.

Jennifer Sherber

STATE OF KANSAS)) SS.
COUNTY OF SHAWNEE)

Before me, the undersigned notary public, personally appeared Jennifer Sherber on the 22nd day of November, 2019, and swore or affirmed that the facts contained within this Affidavit are true and correct to the best of her knowledge, information and belief.

Mary Ann Starbuck
Notary Public

My Commission Expires: 7/07/2021

NOTARY PUBLIC - State of Kansas
MARY ANN STARBUCK
My Appt. Exp. 7/07/2021

DocID: 4836-1561-2589.1

EXHIBIT F

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 2

VICKI SCHMIDT, COMMISSIONER OF INSURANCE, *In her Official Capacity,* Petitioner, vs. PHYSICIANS STANDARD INSURANCE COMPANY, Respondent.	)))))))))))))	Case No. 2019 CV 351

AFFIDAVIT OF REHABILITATOR

I, Vicki Schmidt, being duly sworn upon my oath, testify as follows:

1. I make this affidavit based on my personal knowledge, of my own free will, and without coercion or duress.

2. I am over 18 years of age and of sound mind and body.

3. I am the Kansas Commissioner of Insurance and the Court-appointed Rehabilitator of respondent, Physicians Standard Insurance Company ("PSIC").

4. Under this Court's Order of Rehabilitation entered on August 20, 2019, the powers of PSIC's former officers, managers, and directors were suspended, and the Rehabilitator became responsible for the management of PSIC.

5. I appointed Barbara Rankin to serve as Deputy Rehabilitator with regard to PSIC. As such, the Deputy Rehabilitator has also been responsible for the management of PSIC during the period of rehabilitation.

6. Part of our management responsibilities with regard to PSIC included setting reserves for anticipated obligations under PSIC's policies.

7. In my capacity as the Rehabilitator of PSIC, I engaged KAMMCO to consult on various matters pertaining to the rehabilitation of PSIC, including an analysis of appropriate reserves for PSIC claims, the adequacy of PSIC's current reserves for such claims, and recommendations for management of the claims.

8. Prior to engaging KAMMCO, KAMMCO confirmed it had no interest in acquiring PSIC outright.

9. At the time of the Rehabilitation Order, PSIC's former management had established reserves for pending claims in the amount of $803,335.

10. KAMMCO generated a comprehensive report and reserves recommendation regarding PSIC pending claims ("KAMMCO Report"). (A full copy of the KAMMCO Report will be provided to the Court during the hearing *in camera* inspection to maintain the confidentiality of the evaluation of numerous ongoing claims.)

11. Even before the Department had access to full claims files, Taylor & Mulder ("T&M"), an independent actuarial firm retained by the Department and consented to by PSIC for purposes of examining the financial condition of PSIC, issued a report dated July 9, 2019, and concluded that PSIC's booked loss reserves were $2,690,518 deficient on a net basis and $2,568,367 deficient on a gross basis. T&M also concluded that the company needed to record as a liability on its financial statements a premium deficiency reserve of $1,354,460.

12. The Deputy Rehabilitator and her staff reviewed the KAMMCO Report, the T&M Report, and the PSIC claims files, and based on their review of all of these items, they have determined the appropriate loss reserves should be recorded on the company's financial statements in the amount of $6,374,008.68.

13. After recording the appropriate reserve number, BKD prepared a compilation of PSIC's financial statement, which reflects that PSIC is insolvent as defined by K.S.A. 40-3607(k)(2).

14. Based on my evaluation of PSIC's financial condition, and the Kansas Insurance Department's experience in dealing with PSIC during a period of examination, supervision, and rehabilitation, I believe the further transaction of business by PSIC would be hazardous, financially or otherwise, to PSIC's policyholders, creditors, and the public.

15. The company has not been able to secure renewal reinsurance coverage, creating additional hazard to policyholders and the public.

FURTHER AFFIANT SAYETH NOT.

Vicki Schmidt
____

STATE OF KANSAS)
) SS.
COUNTY OF SHAWNEE)

Before me, the undersigned notary public, personally appeared 22nd on the day of November, 2019, and swore or affirmed that the facts contained within this Affidavit are true and correct to the best of her ~~knowledge,~~ information ~~and~~ belief.

Nicole K
____
Notary Public

My Commission Expires: 6-22-2020

NICOLE KITZMAN
Notary Public - State of Kansas
My Appt. Expires 6-22-2020

EXHIBIT G

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

Karl Ray Stark, MD

Mark Leon Gates, MD

Kevin Lee Threlkeld, MD

Robert Lee Hall, MD

Cedric Carl Strange, MD

Mark Steven Vincent

Carl Frederick Patty, MD

Jonathan F. Dalton

Carrie Lynn Carda, M.D.

Benjamin William Verdine, M.D.

Jonathan Lloyd Downard, J.D.

Ex. G

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on Monday ~~Wednesday~~, August 19 ~~21~~, 2019.

Karl Ray Stark, MD	Mark Leon Gates, MD
Kevin L Threlkeld MD Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on Monday August 19, 2019.

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Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

______________________ Karl Ray Stark, MD	______________________ Mark Leon Gates, MD
______________________ Kevin Lee Threlkeld, MD	______________________ Robert Lee Hall, MD
______________________ Cedric Carl Strange, MD	______________________ Mark Steven Vincent
Carl Frederick Patty MD Carl Frederick Patty, MD	______________________ Jonathan F. Dalton
______________________ Carrie Lynn Carda, M.D.	______________________ Benjamin William Verdine, M.D.
______________________ Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

Karl Ray Stark, MD	Mark Leon Gates, MD
Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda M.D. Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

Karl Ray Stark, MD

Mark Leon Gates, MD

Kevin Lee Threlkeld, MD

Robert Lee Hall, MD

Cedric Carl Strange, MD

Mark Steven Vincent

Carl Frederick Patty, MD

Jonathan F. Dalton

Carrie Lynn Carda, M.D.

Benjamin William Verdine, M.D.

Jonathan Lloyd Downard, J.D.

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on Monday August 19, 2019.

______________________ Karl Ray Stark, MD	Mark L Gates MD Mark Leon Gates, MD
______________________ Kevin Lee Threlkeld, MD	______________________ Robert Lee Hall, MD
______________________ Cedric Carl Strange, MD	______________________ Mark Steven Vincent
______________________ Carl Frederick Patty, MD	______________________ Jonathan F. Dalton
______________________ Carrie Lynn Carda, M.D.	______________________ Benjamin William Verdine, M.D.
______________________ Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~, ~~August 21, 2019~~. Monday, August 19, 2019.

Karl Ray Stark, MD	Mark Leon Gates, MD
Kevin Lee Threlkeld, MD	Robert Leo Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

____________________	____________________
Karl Ray Stark, MD	Mark Leon Gates, MD
____________________	____________________
Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
____________________	Mark S Vincent
Cedric Carl Strange, MD	Mark Steven Vincent
____________________	____________________
Carl Frederick Patty, MD	Jonathan F. Dalton
____________________	____________________
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
____________________	
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on Monday, August 19, 2019.

Karl Ray Stark, MD	Mark Leon Gates, MD
Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

Resignation of Board of Directors

We, the undersigned, being the Board of Directors of Physicians Standard Insurance Company (PSIC) hereby resign effective noon on ~~Wednesday~~ Monday, August ~~21~~ 19, 2019.

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Kevin Lee Threlkeld, MD	Robert Lee Hall, MD
Cedric Carl Strange, MD	Mark Steven Vincent
Carl Frederick Patty, MD	Jonathan F. Dalton
Carrie Lynn Carda, M.D.	Benjamin William Verdine, M.D.
Jonathan Lloyd Downard, J.D.	

EXHIBIT H

Centric Actuarial Solutions

Rate Analysis

Physicians Standard Insurance Company
203 E Main Street, Suite A
Union, MO 63084

May 10, 2019

Prepared By: Dustin Gary
dgary@CentricActuaries.com
(913) 317-8681

Ex. H

May 10, 2019

Mr. Jonathan Downard
Executive Vice President
Physicians Standard Insurance Company
203 E Main Street, Suite A
Union, MO 63084

Dear Mr. Downard:

Enclosed is our rate analysis for Physicians Standard Insurance Company. The actuarial rate level indication is based on data valued as of April 2019. The competitive analysis is based on current rate filings compiled by PSIC staff.

Dustin Gary is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. Dustin meets the Qualification Standards of the American Academy of Actuaries to provide the estimates in this report.

We have enjoyed working with you on this important project and look forward to providing you with actuarial services in the future. If you have any questions regarding this report, or need assistance with any other matter, feel free to contact Dustin Gary at (913) 317-8681.

Sincerely,
Centric Actuarial Solutions, LLC

Dustin Gary, FCAS, MAAA
Consulting Actuary

Table of Contents

Section 1: Background and Scope

Physicians Standard Insurance Company ("PSIC") has asked us to analyze the company's rates. Our study consists of two distinct analyses; the first is an actuarial rate indication based on a review of the company's historical experience and expense structure. The second is a comparison of the company's current base rates by specialty to key competitors in Missouri and Kansas.

Section 2: Summary of Findings

Table 1 summarizes our actuarially-based rate level indication. Based on a study of historical loss experience and the current expense structure, we believe the company would need to increase rates by 15.5% in 2019 to achieve a 2.5% underwriting profit and meet its loss and expense obligations.

TABLE 1: RATE LEVEL INDICATION

Component	Percentage
A. Projected Loss Ratio	50.0%
B. Ceded Loss Adjustment	16.0%
C. Fixed Expense Ratio	17.5%
D. Reinsurance Charge	26.0%
E. Variable Expense Ratio	20.0%
F. Profit and Contingencies	2.5%
Rate Level Indication*	**15.5%**

$*= [(A \times (1 - B) + C) / (1 - D - E - F)] - 1$

Tables 2 and 3 provide a comparison of weighted average base rate relativities in Missouri and Kansas. A factor above 1.00 indicates the competitor's base rate is higher than PSIC's and a factor below 1.00 indicates the competitor has lower base rates. We have not adjusted the rates by any discount factors since that information was only available for PSIC and Med Pro. A more detailed look by specialty can be found on Exhibits 6-9 of the report.

TABLE 2: MISSOURI BASE RATE RELATIVITIES – Mature, $1M/$3M Limit

Territory	Med Pro	Norcal	KaMMCO
Kansas City	1.842	1.167	1.110
St. Louis	1.621	1.167	1.110
Remainder of State	1.651	1.188	1.119

TABLE 2: KANSAS BASE RATE RELATIVITIES – Mature, $200K/$600K

Territory	Med Pro	Pro Assure	KaMMCO
Entire State	1.345	1.043	0.963

Section 3: Methodology

Rate Level Indication

To determine the actuarial rate level indication, we reviewed experience for the five-year period from 2014-2018. Because PSIC wrote very little business prior to 2018, we relied on the loss experience of MPM-PPIA for years 2014-2017. What remained of MPM-PPIA's book of business transferred to PSIC in 2018. Each company was under common management and had similar or identical rates, underwriting guidelines, and claims handling practices.

The first step of the actuarial rate indication was compiling data and developing historical losses to an ultimate basis. We obtained earned premium on a direct basis from the respective companies' annual statements. PSIC provided claim logs valued as of April 2019 which contained paid losses-to-date, paid DCC to-date, and currently valued case reserves. We sorted and grouped this data based on the report year of each claim. We determined ultimate loss estimates by multiplying the paid and incurred loss amounts by loss development factors. The loss development factors were based on loss triangles compiled by the companies' appointed reserving actuary, Steven Streff, ACAS, MAAA, of Streff Insurance Advisors.

After estimating ultimate losses, we trended them into today's dollar levels based on an annual trend percentage of 2%. We selected this amount based on a review of various industry studies of medical professional liability costs. We also adjusted premiums to current rates by applying the current average discount factors to historical premiums. There have been no changes to base rates over the experience period. Loss ratios were calculated for each year based on the trended and developed losses and earned premium at current rates. Our projected loss ratio of 50% is based on an analysis of three, four, and five year weighted averages of historical loss ratios.

The final step in the rate indication was comparing the projected loss ratio to the company's permissible loss ratio. We determined PSIC would need to increase rates by 15.5% to achieve a 2.5% underwriting profit margin and cover losses, expenses, and reinsurance costs.

Competitive Analysis

In this phase of the study, we compared PSIC's current base rates for mature claims-made policies in Missouri and Kansas to its key competitors. We relied on rate filing information compiled by PSIC staff as the basis for this comparison. Our analysis focused on the 20 most common specialties written by PSIC at a limit of $1,000,000 / $3,000,000 in Missouri and $200,000 / $600,000 in Kansas. In Missouri, we provided separate exhibits for rates in Kansas City, St. Louis, and the remainder of the state.

Rate relativities were calculated by specialty for each company. PSIC's rates serve as the base case and were assigned a relativity factor of 1.00. For the competition, a relativity factor greater than 1.00 indicates base rates are higher than PSIC's and a factor below 1.00 indicates lower base rates. We calculated straight and weighted averages for the rate relativity of each competitor. Weights were assigned based on PSIC premium by specialty.

In medical professional liability rating, the base rates only serve as a starting point in determining the final premium. Each company also applies debits and credits based on specific characteristics of each risk. PSIC supplied their average credit by specialty but we were only able to find average credit data for one of the competitors, Medical Protective. Obtaining this information for the other companies would provide a more accurate picture of PSIC's competitive position. It should be noted that our comparison does not include Medical Liability Alliance, one of the largest writers in Missouri. We were unable to locate the company's class definitions or increased limits factors in previous rate filings. Not having this information prevented us from putting together a meaningful comparison.

Section 4: Limitations

Any estimate of future loss events is subject to considerable uncertainty. Although we have employed generally accepted actuarial techniques and methodologies in our analysis, actual loss results will undoubtedly vary from our estimates, perhaps significantly. There can be no guarantee that actual losses will not exceed the level indicated by our estimates. We have identified several factors, both general and specific, which increase the risk associated with our estimates. A brief description of the major risk factors follows.

Data

In preparing our analysis, we relied on data and other information supplied to us by PSIC. We relied solely on claims logs provided by the company as the source for loss information. We compared this data to information contained in the appointed actuary's reserving report as of 12/31/17. The data look reasonable based on this comparison. Mr. Streff indicated the loss data in his report starts with Schedule P loss data and then is adjusted by various reinsurance commutations. Premium was taken from Schedule P of the annual statement. All data used in our analysis is gross of reinsurance. We have not performed a detailed audit of the data. For the competitive analysis, we relied on filing data compiled by PSIC staff for each of the major competitors. We have assumed the data is up-to-date and represents the current rates filed by each company.

Inherent Uncertainty

The calculations and estimates contained in this report rely on the assumption that future loss activity will resemble events of the past after adjustments for changes in historical claim costs. Factors that influence the future cost of claims include inflation, legislative changes, claim settlement practices, litigation rates, and emergence of large losses. Changes in any of these factors contribute to the variability of actual results from their expected value. In performing our analysis, we have not anticipated any major changes to the legal, social, or economic environment nor have we made provisions for new types or classes of losses not represented in PSIC's historical loss experience.

Industry Information

In certain cases, we have relied upon insurance industry benchmarks to supplement PSIC's data. Assumptions regarding future loss development, payout patterns, loss rates, increased limits experience, frequency/severity trends and benefit level changes have been partially based on these industry benchmarks. An additional element of uncertainty is added due to the reliance on this information. We have made every effort to ensure that the benchmarks used in our analysis are based on the latest available industry data and provide a reasonable indication of PSIC's future loss experience.

Section 5: Actuarial Disclosures

Intended Measure of Estimates

The estimates contained in our analysis should be considered actuarial central estimates. An actuarial central estimate represents the expected value over the range of reasonably possible outcomes.

Purpose

It is our understanding PSIC has requested this study to satisfy requirements made by the Kansas Department of Insurance.

Dates

The evaluation and accounting dates of our study are both 4/30/2019. The review date of our analysis is 5/9/2019.

Updates from Previous Study

This is our first actuarial rate study for PSIC.

Investment Income

We have included an underwriting profit and contingencies factor of 2.5% in developing the rate level indication. We assume this underwriting profit margin along with normal levels of investment income would produce reasonable rates of return for the company when evaluated against peers in the insurance industry.

Section 6: Distribution and Use

This report has been prepared for the use of PSIC management with the intended purpose of evaluating PSIC's rates and competitive position. We understand that PSIC may wish to supply copies of the final report to management, KS Department of Insurance, Appointed Actuary, and other interested parties. We hereby grant permission for such distribution provided that the report is distributed in its entirety and PSIC makes the parties aware that we are available to answer any questions they may have. Furthermore, Centric Actuarial Solutions, LLC does not intend to benefit any third-party recipient of this report or create any legal duty to a third party.

List of Exhibits

PSIC

Rate Level Indication

Medical Professional Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year	Direct Earned Premium	Current Rate Factor	Direct Earned Premium at Current Rates	Direct Losses & DCC Net of Salv/Sub	Loss Trend Factor	Trended Losses & DCC Net of Salv/Sub	Trended Loss & DCC Ratio at Current Rates
2014	13,799,000	0.958	13,224,507	12,302,914	1.126	13,855,079	104.8%
2015	11,574,000	0.959	11,104,579	6,765,098	1.104	7,469,215	67.3%
2016	10,249,000	0.961	9,853,577	3,306,456	1.082	3,579,015	36.3%
2017	8,727,000	0.958	8,363,149	2,807,931	1.061	2,979,799	35.6%
2018	5,187,000	0.974	5,051,527	3,090,157	1.040	3,214,999	63.6%

		5-Year Weighted Average:	65.3%
		4-Year Weighted Average:	50.2%
		3-Year Weighted Average:	42.0%
	(9)	**Selected:**	**50.0%**
	(10)	Ceded Loss %:	16.0%
	(11)	Fixed Expense:	17.5%
	(12)	Reinsurance:	26.0%
	(13)	Commission:	7.0%
	(14)	Service Fees:	13.0%
	(15)	Profit and Contingencies:	2.5%
= [(9) x (1 - (10)) + (11)] / [(1 - (12) - (13) - (14) - (15)]	(16)	Rate Level Indication:	$\boxed{\textbf{15.5\%}}$

PSIC

Development of Ultimate Losses for Forecast

Medical Professional Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Accident Year	Paid Losses & DCC	Incurred Losses & DCC	Evaluation Date	Age in Months	Paid LDF	Incurred LDF	Paid Loss Development Method	Incurred Loss Development Method	Selected Ultimate Losses & DCC
2014	11,674,031	11,959,030	04/24/19	64	1.058	1.024	12,355,688	12,250,140	12,302,914
2015	6,086,527	6,276,527	04/24/19	52	1.128	1.062	6,866,924	6,663,271	6,765,098
2016	2,472,194	2,812,194	04/24/19	40	1.369	1.148	3,384,195	3,228,717	3,306,456
2017	1,442,429	1,732,429	04/24/19	28	2.171	1.434	3,131,066	2,484,797	2,807,931
2018	709,744	1,089,745	04/24/19	16	5.318	2.208	3,774,554	2,405,760	3,090,157

Notes:

(2) From Claims Logs
(3) From Claims Logs
(6) From Data Exhibit 3
(7) From Data Exhibit 4
(8) = (2) x (6)
(9) = (3) x (7)
(10) = Average of Columns (8) and (9)

PSIC

Paid Loss and DCC Development Triangle (Based on MPM-PPIA Historical Data)

Medical Professional Liability - Claims Made

Direct Basis

Months of Development

Report Year	12	24	36	48	60	72	84	96	108	120
2004	1,545	7,320	14,584	20,938	22,466	23,207	23,387	23,427	23,441	23,501
2005	2,124	10,875	26,760	33,448	37,504	38,467	38,565	38,934	38,931	38,931
2006	1,156	4,641	10,318	16,250	17,122	18,869	18,958	19,024	19,050	19,050
2007	3,253	12,539	21,721	25,353	28,033	29,074	29,374	29,939	30,127	29,892
2008	3,195	9,168	14,358	18,217	19,790	20,574	21,016	21,260	21,274	21,558
2009	2,710	9,520	21,219	24,269	26,347	28,138	28,273	28,307	28,319	
2010	3,126	10,683	20,328	25,927	28,302	29,556	31,580	31,510		
2011	2,676	11,634	20,316	27,307	28,858	29,555	29,854			
2012	2,282	7,075	11,650	14,861	15,763	16,255				
2013	2,266	7,860	12,621	14,301	15,547					
2014	621	3,109	7,414	10,566						
2015	776	2,476	4,486							
2016	537	1,425								
2017	553									

Age-to-Age Loss Development Factors

Report Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult
2004	4.738	1.992	1.436	1.073	1.033	1.008	1.002	1.001	1.003	
2005	5.120	2.461	1.250	1.121	1.026	1.003	1.010	1.000	1.000	
2006	4.015	2.223	1.575	1.054	1.102	1.005	1.003	1.001	1.000	
2007	3.855	1.732	1.167	1.106	1.037	1.010	1.019	1.006	0.992	
2008	2.869	1.566	1.269	1.086	1.040	1.021	1.012	1.001	1.013	
2009	3.513	2.229	1.144	1.086	1.068	1.005	1.001	1.000		
2010	3.417	1.903	1.275	1.092	1.044	1.068	0.998			
2011	4.348	1.746	1.344	1.057	1.024	1.010				
2012	3.100	1.647	1.276	1.061	1.031					
2013	3.469	1.606	1.133	1.087						
2014	5.006	2.385	1.425							
2015	3.191	1.812								
2016	2.654									
Averages										
All	3.792	1.942	1.299	1.082	1.045	1.016	1.006	1.002	1.002	
5 - Year	3.484	1.839	1.291	1.076	1.041	1.023	1.007	1.002		
Industry	5.225	1.982	1.371	1.185	1.086	1.047	1.033	1.020	1.013	
Selected										
Age-to-Age LDF	3.500	1.850	1.300	1.080	1.040	1.020	1.007	1.002	1.002	
Cumulative LDF	9.750	2.786	1.506	1.158	1.073	1.031	1.011	1.004	1.002	1.000

Exhibit 4

PSIC

Incurred Loss and DCC Development Triangle (Based on MPM-PPIA Historical Data)

Medical Professional Liability - Claims Made

Direct Basis

Months of Development

Report Year	12	24	36	48	60	72	84	96	108	120
2004	12,245	17,907	22,360	24,322	23,995	23,648	23,778	23,823	23,558	23,502
2005	20,608	34,535	38,092	38,720	38,856	38,722	38,900	38,934	38,931	38,931
2006	6,056	11,485	15,215	17,596	18,374	18,904	18,958	19,024	19,050	19,050
2007	10,161	24,265	27,536	28,940	29,383	29,206	29,505	29,939	30,127	29,892
2008	10,919	15,424	19,567	20,169	20,641	21,032	21,226	21,290	21,304	21,558
2009	11,302	20,898	28,772	26,260	27,905	28,128	28,273	28,307	28,319	
2010	12,950	23,357	25,456	28,868	29,997	30,697	31,955	31,520		
2011	14,312	24,188	26,566	28,467	29,326	29,591	29,864			
2012	7,963	11,973	14,057	15,611	16,241	16,465				
2013	8,444	12,065	13,567	14,575	15,547					
2014	2,633	4,835	9,738	11,150						
2015	1,371	3,162	4,824							
2016	1,351	1,805								
2017	987									

Age-to-Age Loss Development Factors

Report Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult
2004	1.462	1.249	1.088	0.987	0.986	1.005	1.002	0.989	0.998	
2005	1.676	1.103	1.016	1.004	0.997	1.005	1.001	1.000	1.000	
2006	1.896	1.325	1.156	1.044	1.029	1.003	1.003	1.001	1.000	
2007	2.388	1.135	1.051	1.015	0.994	1.010	1.015	1.006	0.992	
2008	1.413	1.269	1.031	1.023	1.019	1.009	1.003	1.001	1.012	
2009	1.849	1.377	0.913	1.063	1.008	1.005	1.001	1.000		
2010	1.804	1.090	1.134	1.039	1.023	1.041	0.986			
2011	1.690	1.098	1.072	1.030	1.009	1.009				
2012	1.504	1.174	1.111	1.040	1.014					
2013	1.429	1.124	1.074	1.067						
2014	1.836	2.014	1.145							
2015	2.306	1.526								
2016	1.336									
Averages										
All	1.738	1.290	1.072	1.031	1.009	1.011	1.002	1.000	1.000	
5 - Year	1.682	1.387	1.107	1.048	1.015	1.015	1.002	1.002		
Industry	1.781	1.180	1.046	1.005	1.005	1.005	1.005	1.000	1.000	
Selected										
Age-to-Age LDF	1.700	1.350	1.100	1.048	1.015	1.011	1.002	1.002	1.000	
Cumulative LDF	2.723	1.602	1.186	1.079	1.029	1.015	1.003	1.002	1.000	1.000

PSIC

Current Rate Level Factors

Medical Professional Liability

	2013	2014	2015	2016	2017	2018
Year-End Discount	19%	20%	19%	20%	19%	23%
Average Discount		20%	20%	20%	20%	21%
Rate Level		0.803	0.803	0.801	0.804	0.791
Current Rate Factor		0.9584	0.9594	0.9614	0.9583	0.9739

Physicians Standard Insurance Company

Missouri Base Rate Comparison - Kansas City

Specialty	Base Rates PSIC	Med Pro	Norcal	KaMMCO		Rate Relativities PSIC	Med Pro	Norcal	KaMMCO
Psychiatry - NS	9,488	13,003	11,285	8,274		1.000	1.370	1.189	0.872
Dermatology - NS	8,961	15,298	9,294	8,274		1.000	1.707	1.037	0.923
Allergy - NS	8,961	15,298	9,294	8,274		1.000	1.707	1.037	0.923
Family Practice - NS	11,808	18,357	13,277	10,343		1.000	1.555	1.124	0.876
Pediatrics - NS	11,808	18,357	11,949	10,343		1.000	1.555	1.012	0.876
Internal Medicine - NS	11,808	21,417	13,277	10,343		1.000	1.814	1.124	0.876
Pathology - NS	11,808	21,417	11,285	8,274		1.000	1.814	0.956	0.701
Nephrology - NS	9,488	21,417	11,285	10,343		1.000	2.257	1.189	1.090
Opthalmology - S	15,350	25,240	15,269	15,515		1.000	1.644	0.995	1.011
Hematology - NS	14,169	25,240	13,277	10,343		1.000	1.781	0.937	0.730
Radiology - NS	14,169	25,240	16,596	10,343		1.000	1.781	1.171	0.730
Anesthesiology - S	14,169	30,595	15,269	10,343		1.000	2.159	1.078	0.730
Cardiology - MS	15,350	30,595	18,588	15,515		1.000	1.993	1.211	1.011
Neurology - NS	14,169	30,595	16,596	10,343		1.000	2.159	1.171	0.730
Otolaryngology - S	24,037	32,125	28,546	30,253		1.000	1.336	1.188	1.259
Gastroenterology - MS	14,169	49,625	18,588	15,515		1.000	3.502	1.312	1.095
Orthopedic Surgery	41,748	75,326	51,780	68,253		1.000	1.804	1.240	1.635
General Surgery	37,953	85,073	45,142	55,697		1.000	2.242	1.189	1.468
OB/GYN - S	52,291	95,708	69,704	81,803		1.000	1.830	1.333	1.564
Neurosurgery	82,653	152,422	92,939	86,447		1.000	1.844	1.124	1.046
					Average:	1.000	1.893	1.131	1.007
					Wtd Average:	1.000	1.842	1.167	1.110

Exhibit 7

Physicians Standard Insurance Company

Missouri Base Rate Comparison - St. Louis

	Base Rates					Rate Relativities			
Specialty	**PSIC**	**Med Pro**	**Norcal**	**KaMMCO**		**PSIC**	**Med Pro**	**Norcal**	**KaMMCO**
Psychiatry - NS	9,488	11,443	11,285	8,274		1.000	1.206	1.189	0.872
Dermatology - NS	8,961	13,461	9,294	8,274		1.000	1.502	1.037	0.923
Allergy - NS	8,961	13,461	9,294	8,274		1.000	1.502	1.037	0.923
Family Practice - NS	11,808	16,153	13,277	10,343		1.000	1.368	1.124	0.876
Pediatrics - NS	11,808	16,153	11,949	10,343		1.000	1.368	1.012	0.876
Internal Medicine - NS	11,808	18,846	13,277	10,343		1.000	1.596	1.124	0.876
Pathology - NS	11,808	18,846	11,285	8,274		1.000	1.596	0.956	0.701
Nephrology - NS	9,488	18,846	11,285	10,343		1.000	1.986	1.189	1.090
Opthalmology - S	15,350	22,212	15,269	15,515		1.000	1.447	0.995	1.011
Hematology - NS	14,169	22,212	13,277	10,343		1.000	1.568	0.937	0.730
Radiology - NS	14,169	22,212	16,596	10,343		1.000	1.568	1.171	0.730
Anesthesiology - S	14,169	26,922	15,269	10,343		1.000	1.900	1.078	0.730
Cardiology - MS	15,350	26,922	18,588	15,515		1.000	1.754	1.211	1.011
Neurology - NS	14,169	26,922	16,596	10,343		1.000	1.900	1.171	0.730
Otolaryngology - S	24,037	28,268	28,546	30,253		1.000	1.176	1.188	1.259
Gastroenterology - MS	14,169	43,669	18,588	15,515		1.000	3.082	1.312	1.095
Orthopedic Surgery	41,748	66,284	51,780	68,253		1.000	1.588	1.240	1.635
General Surgery	37,953	74,860	45,142	55,697		1.000	1.972	1.189	1.468
OB/GYN - S	52,291	84,218	69,704	81,803		1.000	1.611	1.333	1.564
Neurosurgery	82,653	134,125	92,939	86,447		1.000	1.623	1.124	1.046
					Average:	1.000	1.666	1.131	1.007
					Wtd Average:	1.000	1.621	1.167	1.110

Physicians Standard Insurance Company

Missouri Base Rate Comparison - Remainder of State

	Base Rates					Rate Relativities			
Specialty	**PSIC**	**Med Pro**	**Norcal**	**KaMMCO**		**PSIC**	**Med Pro**	**Norcal**	**KaMMCO**
Psychiatry - NS	8,539	10,401	10,260	7,446		1.000	1.218	1.202	0.872
Dermatology - NS	8,065	12,238	8,449	7,446		1.000	1.517	1.048	0.923
Allergy - NS	8,065	12,238	8,449	7,446		1.000	1.517	1.048	0.923
Family Practice - NS	10,627	14,685	12,070	9,308		1.000	1.382	1.136	0.876
Pediatrics - NS	8,961	14,685	10,863	9,308		1.000	1.639	1.212	1.039
Internal Medicine - NS	10,627	17,132	12,070	9,308		1.000	1.612	1.136	0.876
Pathology - NS	10,627	17,132	10,260	7,446		1.000	1.612	0.965	0.701
Nephrology - NS	8,539	17,132	10,260	9,308		1.000	2.006	1.202	1.090
Opthalmology - S	13,815	20,192	13,881	13,962		1.000	1.462	1.005	1.011
Hematology - NS	12,752	20,192	12,070	9,308		1.000	1.583	0.947	0.730
Radiology - NS	12,752	20,192	15,088	9,308		1.000	1.583	1.183	0.730
Anesthesiology - S	12,752	24,475	13,881	9,308		1.000	1.919	1.089	0.730
Cardiology - MS	13,815	24,475	16,898	13,962		1.000	1.772	1.223	1.011
Neurology - NS	12,752	24,475	15,088	9,308		1.000	1.919	1.183	0.730
Otolaryngology - S	21,633	25,699	25,951	27,226		1.000	1.188	1.200	1.259
Gastroenterology - MS	12,752	39,700	16,898	13,962		1.000	3.113	1.325	1.095
Orthopedic Surgery	37,573	60,259	47,073	61,423		1.000	1.604	1.253	1.635
General Surgery	34,158	68,057	41,038	50,124		1.000	1.992	1.201	1.467
OB/GYN - S	47,062	76,562	63,368	73,617		1.000	1.627	1.346	1.564
Neurosurgery	74,388	121,935	84,490	77,796		1.000	1.639	1.136	1.046
					Average:	1.000	1.695	1.152	1.015
					Wtd Average:	1.000	1.651	1.188	1.119

Physicians Standard Insurance Company

Kansas Base Rate Comparison - Entire State

	Base Rates				Rate Relativities			
Specialty	**PSIC**	**Med Pro**	**Pro Assure**	**KaMMCO**	**PSIC**	**Med Pro**	**Pro Assure**	**KaMMCO**
Psychiatry - NS	5,495	6,864	5,309	4,447	1.000	1.249	0.966	0.809
Dermatology - NS	5,189	5,492	3,834	4,447	1.000	1.058	0.739	0.857
Allergy - NS	5,189	5,492	3,834	4,447	1.000	1.058	0.739	0.857
Family Practice - NS	6,105	8,580	6,784	5,559	1.000	1.405	1.111	0.911
Pediatrics - NS	6,105	8,580	6,784	5,559	1.000	1.405	1.111	0.911
Internal Medicine - NS	6,105	9,266	6,784	5,559	1.000	1.518	1.111	0.911
Pathology - NS	6,105	6,864	6,784	4,447	1.000	1.124	1.111	0.728
Nephrology - NS	5,495	8,580	6,784	5,559	1.000	1.561	1.235	1.012
Opthalmology - S	7,937	9,266	8,260	6,671	1.000	1.167	1.041	0.840
Hematology - NS	7,326	9,266	6,784	5,559	1.000	1.265	0.926	0.759
Radiology - NS	7,326	10,297	8,260	6,671	1.000	1.406	1.127	0.911
Anesthesiology - S	7,326	10,297	9,735	5,559	1.000	1.406	1.329	0.759
Cardiology - MS	7,937	16,130	9,735	8,339	1.000	2.032	1.227	1.051
Neurology - NS	7,326	12,013	9,735	8,339	1.000	1.640	1.329	1.138
Otolaryngology - S	11,600	16,130	12,685	13,898	1.000	1.391	1.094	1.198
Gastroenterology - MS	7,326	12,013	9,735	8,339	1.000	1.640	1.329	1.138
Orthopedic Surgery	20,147	30,202	21,537	27,795	1.000	1.499	1.069	1.380
General Surgery	18,315	32,948	21,537	22,236	1.000	1.799	1.176	1.214
OB/GYN - S	37,851	37,753	30,388	31,964	1.000	0.997	0.803	0.844
Neurosurgery	42,735	54,913	42,189	41,963	1.000	1.285	0.987	0.982
				Average:	1.000	1.395	1.078	0.960
				Wtd Average:	1.000	1.345	1.043	0.963